

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER
Tuesday November 23, 1982

World agriculture: squeeze behind surplus, Page 14

No. 28,933 Tuesday November 23, 1982 D 8523 B

Table with columns for various regions and currencies, listing exchange rates.

NEWS SUMMARY

GENERAL BUSINESS
Reagan proposes missile cluster
Volvo raises profits by 95%

President Ronald Reagan proposes to deploy a cluster of 100 controversial MX nuclear missiles...

How Volcker's 'cabinet' guides the U.S. economy

BY ANATOLE KALETSKY IN WASHINGTON
WHAT is the second most famous painting in the world? There is no surer way of stirring up an argument...

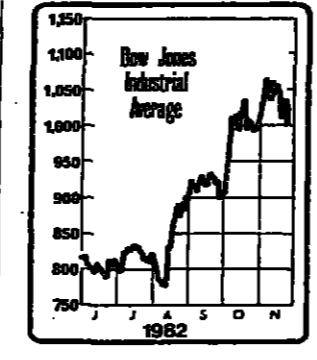
and the availability of credit to the American economy. The real power of the FOMC has only gradually been dawned on the public...



Mr Paul Volcker

Andropov sets out firm line on U.S.

BY ANTHONY ROBINSON IN MOSCOW
MR YURI ANDROPOV, the new Soviet Communist Party leader, said yesterday that Moscow was not prepared to make any preliminary concessions...



Wall St falls to 1,000; prime cut

BY OUR NEW YORK STAFF
THE New York stock market yesterday ignored a 1/2 percentage point reduction in the prevailing U.S. prime rate...

NZ Minister for Iran

New Zealand's Warren Cooper will this month become the first Western foreign minister to visit Iran since the establishment of its Islamic republic...

Guard is hijacker

One of three security guards aboard a Polish international flight turned hijacker and ordered the aircraft to land at the U.S. Air Force base at Tempelhof, West Berlin.

German MPs quit

West German MPs Helga Schuchardt and Friedrich Holscher resigned from the Free Democratic Party in protest at its decision to break its alliance with the Social Democrats...

France cuts benefit

France is to cut about 13 per cent of the FFr 94bn (\$13.07bn) budgeted for unemployment benefits next year.

Arms cache found

A French hunting party found buried near Toulouse a Soviet-made antitank rocket launcher, guns, ammunition, and lists of foreign military attaches in France.

Albanian promotion

Ramiz Alia was elected Albania's head of state in succession to Haxhi Lleshi, who held the post for nearly 20 years...

Israel drops pledge

Israel is dropping its demand that foreign teachers in West Bank universities sign a pledge not to support the Palestine Liberation Organisation.

Brazilian switches

Brazil's opposition parties won the state governorships of the three most important states, Sao Paulo, Minas Gerais, and Rio de Janeiro...

Mayor in custody

Jose Azevedo, mayor of La Junquera, near Spain's French border, was arrested by order of a Barcelona magistrate on suspicion of illegally exporting \$350,000.

Briefly

Martina Navratilova, the tennis player, is seeking to visit her family in Czechoslovakia...

Britain's Queen Mother, aged 82, underwent an operation after a fish bone stuck in her throat.

UK faces its first deficit on manufactured goods

BY MAX WILKINSON IN LONDON
BRITAIN is heading for its first peacetime deficit on trade in manufactured goods for more than a century, according to official figures released yesterday.

EEC quest for unity at Gatt

BY GILES MERRITT IN BRUSSELS
THE EEC Council of Ministers will meet in special session in Geneva on Thursday in a bid to present a united opposition to proposals before the General Agreement on Tariffs and Trade (Gatt) ministerial negotiations...

Minet chief resigns over secret deal

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON
MR JOHN WALLROCK, chairman of Minet Holdings, one of Britain's largest insurance brokers, left the company yesterday after it was disclosed that he had secretly benefited from insurance transactions carried out within the group.

Equity and loan capital

Understand that industry moving to Wales may qualify for a wide range of benefits, some of which are listed below. Please send me the more information.

CONTENTS
Europe 2, 3
America 5
Overseas 4
World Trade 6
Britain 8, 12, 26
Agriculture 23
Art and Reviews 13
Business Law 25
Commodities 26

Form with fields for Name, Position, Nature of Business, Company, Address, and Tel No. Includes logo for WELSH DEVELOPMENT AGENCY.

EUROPEAN NEWS

Stewart Dalby assesses election prospects in the Dublin Central constituency

Nationalism blooms in Ireland's urban decay

"AH COME ON now Stewart, you know Ireland well enough. You couldn't miss Dublin Central, it's the bit of town which looks like Belfast." So said a friend pointing me in the direction of this constituency of 101,000 people right in the middle of the Irish capital.

True enough. Once you leave the dazzle and glitter of O'Connell Street, with its cinemas, department stores and hamburger joints, there are resemblances to Belfast. Huge areas of wasteland look like bomb sites where streets of tenements have been bulldozed down. Once lovely but now punchdrunk Georgian facades with windows and doors missing like broken teeth, await the demolishers' hammer before finally lurking over.



The plan by Fine Gael's Dr Garret FitzGerald (left) for an all-Ireland police force has made him deeply unpopular with the pro-Republican poor, who otherwise see nothing to choose between him and Fianna Fail's Mr Charles Haughey (right).



cannot be all that. Mr Gregory looks like holding the seat and could even top the poll in this five-seat constituency. It is doubtful however, whether Mr Gregory's success heralds the much-discussed or rather much-dreamed about realignment of Irish politics along the more right and left models understood in most West European countries.

Voting still takes place along the traditional nationalist pattern, with the civil war of 1921-22 rivalries reflected in Fianna Fail and Fine Gael—the pro-partition treaty party. Whatever the feeling about local issues, however, nationalist issues still carry great weight.

There are rather drab council estates, low rise rather than high rise, without much in the way of proper landscaping around them but lots of washing festooned over the balconies. There are grilles on pub windows, steel shutters on shop doors. There are small boys in bright pullovers and tatty sneakers who ask for money and then swear at you should you display a British accent.

The key difference with Belfast is largely that the area has not been flattened by sectarian warfare. This part of Dublin is the area known as Sean O'Casey land, where he set his plays about working-class life. It was probably one of the poorest urban areas in Europe earlier this century, and is now suffering from inner-city decay. As such it resembles British cities like Liverpool or Glasgow. And as such it has familiar problems.

Workers from all parties, including the two main ones Fianna Fail and Fine Gael, readily identify the constituency's main problems as a dire shortage of adequate housing, youth unemployment, straight-forward poverty and rapidly growing crime and vandalism. Ireland has a very serious un-

employment problem. The national average is put at 13 per cent, although this is probably an understatement. Community workers put the level in Dublin Central at a minimum of 20 per cent. It is particularly acute among the young. School leavers of average ability, or who did not do particularly well, just cannot get work because there simply isn't any. One community worker said: "Go into a pub any time of day and you will find young men in them as well as the old soaks. They have nothing else to do."

Mr Tony Gregory a community worker who was elected to the Dail (parliament) in the last election as an independent said the housing situation remains bad despite the clearances of recent years. There are thought to be 8,000 families in inadequate housing on council waiting lists in Dublin alone.

Mr Gregory does not have exact housing figures to hand but said in the central sector there would be "thousands of families waiting rather than hundreds."

He says that there is a serious and increasing crime problem.

Most of it should be seen as vandalism, the snatching of handbags petty burglary and so on. Since the area borders on the town centre like O'Connell and the quays along the Liffey river there is a great deal of breaking into and cannibalising of cars. There is not a great deal of organised crime, but Mr Gregory maintains there is an effective heroin syndicate selling drugs to the young.

It would hardly be surprising, given this litany of urban distress, if such an area did not have a heavy socialist or left-wing representation but this is only partly the story. Mr Michael O'Leary held the seat for many years for the Labour Party, but he got in last time only on the tenth count under Ireland's system of proportional representation with a single transferable vote.

He has now resigned as leader of the Labour Party and is running elsewhere for Fine Gael. Few people give his successor as candidate, a good-natured young councillor called Mr Jimmy Summers, a chance of holding the seat. The Labour Party organisation in the area is not good and "Micko" as Mr

O'Leary is called, suffered from his image. He became too much identified with grand state cars when he was deputy prime minister.

If the Labour Party does not look like being represented in the next Dail from this constituency, however, there is always Mr Gregory as the left-wing's standard bearer, who is again standing as an independent. A 33-year-old former teacher and community worker who is both left-wing and anti-British he found himself in the enviable position of all but holding the balance of power in the last Dail.

In order to gain his vote Mr Charles Haughey, the Prime Minister, promised to spend possibly some £30m (£24m), more than scheduled on inner-city development, the exact figures of which have never been revealed. Fianna Fail officials say now that this money would have been spent anyway. But there is widespread respect for Mr Haughey because he is a self-made millionaire. Anyone like Mr Gregory who appears to get money out of Mr Haughey

Country lending body welcomed

By James Buchan in Bonn

WEST GERMAN bankers have welcomed proposals to set up an international institution for the exchange of information on borrowing countries.

Herb Harard Knochen, chairman of the Federation of West German Banks, said in Bonn yesterday that the new institution, proposed at a meeting of leading commercial banks in New York last month, should make country lending more "transparent".

He suggested, however, that the judgment of country risk through the new institution, in co-operation with the International Monetary Fund and the World Bank should not be pre-emptive. "We are for more transparency but not for an early warning system," he told a news conference.

The decision to set up the new body, which is supposed to act as a channel for information between the banks and between the banks and borrowing countries, is directed at reviving confidence in country lending in the light of difficulties with Mexico and some Eastern European borrowers.

Herr Friedrich-Wilhelm Christians, joint chief executive of Deutsche Bank, defended West German bank lending to foreign countries as linked inextricably to the boom in West German exports up to the beginning of the year.

The decision to set up the new body, which is supposed to act as a channel for information between the banks and between the banks and borrowing countries, is directed at reviving confidence in country lending in the light of difficulties with Mexico and some Eastern European borrowers.

Herr Friedrich-Wilhelm Christians, joint chief executive of Deutsche Bank, defended West German bank lending to foreign countries as linked inextricably to the boom in West German exports up to the beginning of the year.

Herr Friedrich-Wilhelm Christians, joint chief executive of Deutsche Bank, defended West German bank lending to foreign countries as linked inextricably to the boom in West German exports up to the beginning of the year.

East renews approach over W. Berlin link

By Leslie Collett in Berlin

EAST GERMANY has expressed interest in opening talks with Bonn on projects to improve West Berlin's economy, West German officials say.

The East German government would like to see West German payments to its neighbour which is straining its resources to pay off an estimated \$12bn in debts to the West.

Herr Otto Arndt, the East German Transport Minister, made the approach during a meeting with Herr Werner Döllinger, his West German counterpart. They conferred during the inauguration at the weekend of a 265 km autobahn connecting West Berlin and Hamburg.

Bonn said East Germany DM 1.5bn (£225m) to build a 221 km porton.

At their meeting the two ministers discussed a proposal broached earlier by East Germany for the electrification of the main railway line between West Berlin and West Germany. This would involve heavy West German financial participation. The previous Government under Herr Helmut Schmidt had decided against it.

West Germany would like the old East German transit route between West Berlin and Hamburg to be retained for Western traffic, while East Germany has said it will be closed down as agreed previously with Bonn.

NATO's NEW MISSILES

Bonn election a key element in negotiations

By JONATHAN CARL IN BONN

THE RESULT of the West German general election, which is likely to be held on March 6, is starting to look almost as crucial for the Soviet Union and the U.S. as for the West Germans themselves. Above all, it is felt certain to have a key influence on the superpower negotiations on intermediate-range nuclear weaponry being held in Geneva.

Over the past few days, the West Germans have received from Mr Paul Nitze, the chief U.S. negotiator in Geneva, a personal assessment of the state of the talks. There is said to be progress in defining the complex issues on which accord must be sought, but no movement on the issues themselves.

Nor is such movement felt likely until after the election in West Germany, the country where most of the proposed U.S. nuclear missiles are due to be deployed from the end of next year if the Geneva negotiations succeed.

The Russians are expected to make no concessions of substance until they know whether there will be a government in Bonn clearly willing and able to accept the missiles on West German territory.

If there is no such government, then the pressure on Moscow, imposed by the NATO decision of December 1979, will be off. Under that decision, the West offered Moscow negotiations on intermediate-range missiles, but agreed to deploy such weapons of its own to counterbalance the Soviet threat if the talks came to nothing.

Over the past few days, the West Germans have received from Mr Paul Nitze, the chief U.S. negotiator in Geneva, a personal assessment of the state of the talks. There is said to be progress in defining the complex issues on which accord must be sought, but no movement on the issues themselves.

Nor is such movement felt likely until after the election in West Germany, the country where most of the proposed U.S. nuclear missiles are due to be deployed from the end of next year if the Geneva negotiations succeed.

The Russians are expected to make no concessions of substance until they know whether there will be a government in Bonn clearly willing and able to accept the missiles on West German territory.

If there is no such government, then the pressure on Moscow, imposed by the NATO decision of December 1979, will be off. Under that decision, the West offered Moscow negotiations on intermediate-range missiles, but agreed to deploy such weapons of its own to counterbalance the Soviet threat if the talks came to nothing.

Herr Kohl is clearly convinced that he needs a full mandate from the voters, not just from Parliament, behind him if missiles deployment is to go ahead. There are serious hurdles and bitter campaigning ahead before he knows if he can obtain it.

Herr Kohl is clearly convinced that he needs a full mandate from the voters, not just from Parliament, behind him if missiles deployment is to go ahead. There are serious hurdles and bitter campaigning ahead before he knows if he can obtain it.

Herr Kohl is clearly convinced that he needs a full mandate from the voters, not just from Parliament, behind him if missiles deployment is to go ahead. There are serious hurdles and bitter campaigning ahead before he knows if he can obtain it.

Herr Kohl is clearly convinced that he needs a full mandate from the voters, not just from Parliament, behind him if missiles deployment is to go ahead. There are serious hurdles and bitter campaigning ahead before he knows if he can obtain it.

Herr Kohl is clearly convinced that he needs a full mandate from the voters, not just from Parliament, behind him if missiles deployment is to go ahead. There are serious hurdles and bitter campaigning ahead before he knows if he can obtain it.

Herr Kohl is clearly convinced that he needs a full mandate from the voters, not just from Parliament, behind him if missiles deployment is to go ahead. There are serious hurdles and bitter campaigning ahead before he knows if he can obtain it.

SAVE-AS-YOU-EARN

2.4%

SUPPLEMENT

SAVERS WITH INDEX-LINKED S.A.Y.E. CAN NOW QUALIFY FOR A SPECIAL SUPPLEMENT ON TOP OF THEIR INDEX-LINKING.

- How do you qualify?**
- Leave your money invested beyond November 1983.
 - Complete your 60 monthly payments—if by then you haven't already done so.
- How does it work?**
- Legislation is planned to ensure that, once you qualify, you can get on repayment:
- 2.4% on the index-linked value, at 30 November 1982, of all your contributions, and any bonus, due at that date. Tax free.
 - 0.2% for each whole month to the end of November 1983 on monthly contributions from 1 December 1982 to 31 October 1983. Tax free. This also applies to new contracts.

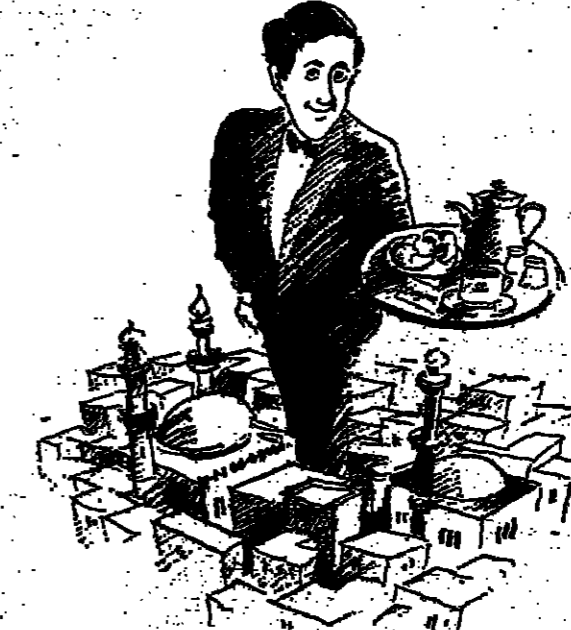
These supplements will in turn be index-linked monthly from December 1983.

How do I get details?

You will receive further details with your annual statement. Alternatively a leaflet will shortly be available from the SAYE Office, Durham DH99 1NS. For telephone queries ring 0385 64900 and ask for SAYE enquiries.



THE ART OF BEING PERFECTLY LOCATED IN JEDDA.



THE MERIDIEN HOTEL IN JEDDAH: RIGHT IN THE HEART OF BUSINESS.

With its optimum location near the business and residential districts, the Jeddah Meridien saves you time. And in business, time is important, efficiency also means a prime location.

Reservation and information: see your travel agent, your Air France ticket office or in Paris call 75715 70, in London 493.06.09. The Jeddah Meridien Hotel, King Khaled Street, Mecca Road Kil: 2, P.O. Box 6582, Jeddah, Saudi Arabia.



THE FRENCH ART OF FINE LIVING THROUGHOUT THE WORLD

EUROPEAN NEWS

Cardinals meet to discuss Vatican finances

By Rupert Cornwell in Rome

A HUNDRED cardinals from all over the world have gathered in Rome for four days of discussions on topics ranging from the proposed restructuring of the Curia, the Church's central administration, to the finances of the Vatican and its involvement in the Banco Ambrosiano scandal.

The most controversial part will certainly be the last. The links that have emerged between the Istituto per le Opere di Religione (IOR) - the Vatican Bank - and the old Ambrosiano of the late Sig. Roberto Calvi have caused deep anxiety within the hierarchy of the Church.

Last week, the 15 cardinals belonging to the commission set up in 1981 to review the Vatican's finances examined a report on the affair drawn up - but so far unpublished - by the three "wise men" called in by Cardinal Agostino Casaroli, Secretary of State, last July.

For some while it has been evident that their findings technically acquit the IOR of any legal liabilities in connection with Ambrosiano.

It is being emphasised that the "letter of patronage" on behalf of a dozen Panathian front companies belonging to Ambrosiano were issued by IOR long after the borrowings that brought about the bank's downfall.

Although the prevailing view in the Vatican is that the IOR innocently allowed itself to be exploited by Sig. Calvi, the Holy See is most concerned to reach a settlement with the Italian authorities. The latter, at least in public, insist that the Vatican should cover the near \$1.3bn of uncovered Ambrosiano debts.

One of the 15 commission members is expected to brief the full gathering of Cardinals on the IOR-Ambrosiano case, but there are likely to be powerful demands for much greater "transparency" in the operations of the Vatican Bank in future, to dispel any doubts about its behaviour.

At the same time, the cardinals, whose meeting will last until Friday, will receive an up-to-date picture of the Vatican's overall finances.

Earlier this year, the 1982 "budget" deficit of the Holy See was put at 136bn (\$25m) - but this does not take into account the proceeds of "St Peter's Pence" donations by Roman Catholic faithful to the Pope himself. This sum is believed to cover the Holy See's deficit on its own.

Confusion grows in EEC about enlargement stance

By JOHN WYLES IN BRUSSELS

THE EEC was plunged into further disarray yesterday with arguments about how to approach the admission of Spain and Portugal to the Community. France added to the confusion about its tactics by urging a new approach to the integration of Portuguese agriculture into the EEC, while Britain stressed that the cost of enlargement should be financed through the Common Agricultural Policy (CAP) and not by adding to the EEC's budget revenues.

Both developments confirm that the date on which Spain and Portugal will join the EEC is continuing to recede.

The mounting uncertainty puts a growing obligation on the EEC summit in Copenhagen next week to establish whether the negotiations should continue towards the earliest possible conclusion or whether they should be delayed while the Ten first sort out key domestic problems.

The central question is whether an increase in the EEC's budget revenues is a prerequisite for enlargement. The European Commission and most member states believe that more "own resources" will be needed. West Germany disputes this and yesterday Mr Francis Pym, Britain's Foreign Secretary, stiffened the UK's position by stating publicly that "the present own resources will be sufficient after enlargement."

While repeating that he was ready to discuss increasing budget revenues, Mr Pym put Britain firmly alongside the West Germans in arguing that "if CAP expenditure were adjusted that would solve the problem."

France, meanwhile, appears to be pressing for a package of internal community accords on budget revenues and on Mediterranean agriculture before agreeing to enlargement. But it is still not clear whether it wants to delay only Spanish membership or that of Portugal as well.

TARGET DATE REJECTED FOR ACCORD ON EEC BUDGET PAYMENTS

Opening shots fired over UK rebate

By OUR BRUSSELS CORRESPONDENT



Mr Pym... failed to persuade

FRANCE and West Germany yesterday sketched out the contours of new and probably tortuous negotiations which Britain will have to endure before it can secure future reductions in its payments to the EEC budget.

At a meeting of foreign ministers in Brussels yesterday, Mr Francis Pym, the British Foreign Secretary, made a forlorn attempt to persuade the Ten to set next March as a target date for agreement. No other member state wanted such a firm commitment, particularly since they have all conspicuously failed to deliver the settlement on Britain's future payments which was supposed to have been reached by the end of this month.

Giving their first reactions to the European Commission's out-

line proposals for a 2.3 year future budget arrangement, both the French and the West German ministers stressed that they would be raising serious obstacles to an agreement unless Mr Andre Chabirand, the French Minister for Europe, indicated that France would try to keep Britain's future rebates from the EEC budget to a nominal sum. As Britain had paid about £500m less to Brussels than envisaged under the first payment-cutting agreement of 1980, "the basic problem is not what the Community owes the UK but what the UK owes the Community," he said.

This was predictable as an opening French position and, indeed, Mr Pym has already agreed that Britain's budget "windfall" will be taken into

account in the future negotiations.

More worrying from the Foreign Secretary's point of view was the fact that West Germany publicly insisted yesterday that it would only pay 25 per cent of its proper share of future rebates to Britain.

This was the first clear indication that the new Bonn coalition was maintaining the position adopted by its predecessor, and it spells considerable trouble for the future.

West German insistence on a home lot of half its share delayed until last month final agreement on Britain's 1982 rebate. France, Italy and the Benelux countries latterly rejected this concession to Bonn and will oppose thereby a repetition in the new negotiations.

Community concern at Greek demands for special treatment

By DAVID TONGE IN ATHENS

AFTER MONTHS of turning a blind eye to the shortcomings of the Community's newest member, EEC officials yesterday sat down with the Greek Government to work out what has gone wrong in their relationship.

Concern rather than anger was the mood of the 30-strong EEC team led by Mr Michael Lillis, deputy head of the private office of Mr Richard Burke, the EEC Commissioner dealing with Greece.

Members of Mr Burke's team have long been arguing that not only is Greece lagging behind in meeting its obligations, but it is also taking new measures which flout EEC regulations.

The areas of conflict include: In 23 months of membership Greece has only introduced 20 of over 600 Community direc-

tives. Proposed legislation to correct this is considered too limited by the EEC.

Greece wants to delay the introduction of VAT by at least a year from January 1984. Ministers say its introduction may have to wait until inflation (now over 20 per cent) falls when they would introduce it by stages.

Greece has dragged its heels in areas such as unblocking assets belonging to EEC residents and taxing retinas and ozo in the same way as imported wines and spirits.

The recent Greek measures uprating many civil (cost insurance freight) prices before import duty is assessed.

The Government proposes to introduce a virtual state monopoly on pharmaceutical raw materials together with a levy

on private pharmaceutical companies.

"Our lawyers love to get their hands on Greece," one EEC official comments, but for the moment the politicians are in control he says. And the politicians argue that the EEC should not seem to be bullying a neophyte, particularly when that neophyte has intimidated he may leave the monastery.

Yesterday's meeting in Athens was also to consider the Greek Government's memorandum of last March demanding "special arrangements." The results of the meeting, which could last a week, will be used by the Commission to help draft a proposal for action by foreign ministers when they discuss the Greek memorandum.

Greece's demands for special treatment are based on the pre-

mise that Community rules are shaped for the economies of Northern Europe, not those of the Mediterranean.

The memorandum also accuses Greece's Treaty of Accession (signed by the preceding Karamanlis government) of ignoring the "special features of the Greek economy."

On this point many EEC officials agree. "The Nine did not negotiate with Greece as if it were a future partner," one says, adding that the Greek negotiating team of the time was a "pushover." The anger at this situation of Mr Andreas Papandreu, Greece's Premier, was increased when last year, for the first time, the country ran a deficit on agricultural trade with its European partners. This was the result of a 140 per cent increase in agricul-

tural imports, in particular as Greece had to replace its cheap supplies of butter and meat with EEC produce.

In June the EEC responded to the Greek memorandum by setting out to demonstrate that most of Greece's worries could be handled by existing Community programmes. Greece has seen net receipts from the Community grow from \$120m (£75m) in 1981 to forecasts of \$600m to \$650m this year and \$800m in 1983.

EEC officials, however, have been appalled at the problems they have encountered in ensuring the Greeks take advantage of the programmes on offer. "Our single biggest problem is the state of the public administration in Athens," one frustrated EEC official said.

Yesterday's meeting is the latest step in a discreet EEC campaign to overcome this. In the past three months 100 EEC officials have visited Athens and, by early next year, a total of 200 will have come down to help their Greek counterparts at a cost of £250,000.

In January the first batch of EEC officials dealing with the EEC is to spend a month visiting Brussels. The aim is to try to reduce the Greeks by making clear to them how far today's rules can be manipulated in their favour.

They have a long way to go, however. At present, for example Greece only receives from the social fund a third of the aid received by Ireland, a country at a similar stage of development, yet Ireland has only a third of Greece's population.



Papandreu... anger

Dutch expenditure cuts prompt strike threats

THE HAGUE - The new Dutch Government formally announced tough spending cuts and a public-sector wage freeze yesterday. Trade unions responded with a threat of massive and lengthy strikes.

In its first policy statement to parliament, the Centre-Right coalition Government said it was aiming to reduce the official spending deficit from a projected record 11.9 per cent of national income next year to 7.4 per cent by 1986.

The Government will push ahead with previously announced plans for around Fl 13bn (\$4.7bn) of cuts next year. Further cuts expected to amount to around Fl 21bn, will follow from 1984 to 1986.

Part of next year's savings will come from a freeze on public-sector wages. All social security payments

will also be held at the present level.

Trains and buses in much of the Netherlands were at a standstill yesterday because of a one-day strike by transport unions in protest against the planned freeze.

In his statement to parliament, Mr Ruud Lubbers, the Prime Minister, made clear that the Government intended to stick to all key policies drawn up in coalition negotiations last month.

These include the placing of Nato nuclear missiles in the Netherlands if East-West arms talks in Geneva do not make satisfactory progress.

Mr Lubbers's only concession was to announce that a temporary wages and price freeze in the private sector, planned to begin in January, would not go ahead.

There's more to our Contract Hire Service than meets the eye.

Advertisement for BRS Contract Hire Service showing three trucks labeled Drivers, Maintenance, and SPARE VEHICLES. Text describes the service's benefits for companies, including tax advantages and fleet management solutions.

Advertisement for PARIBAS SUISSE (BAHAMAS) LIMITED, offering 33,600 6 1/2% CONVERTIBLE DEBENTURES DUE 31st DECEMBER, 1990. Includes contact information for Banque de Paris et des Pays-Bas (Suisse) S.A.

Advertisement titled "Small firms vital to Britain's recovery" listing numerous small businesses and their products, such as A.B.R. Chemicals, Daylight Electrical, and many others.

OVERSEAS NEWS

Nakasone tipped for leadership

By Jurek Martin in Tokyo
MR YASUHIRO NAKASONE is assured of becoming the next Japanese Prime Minister...

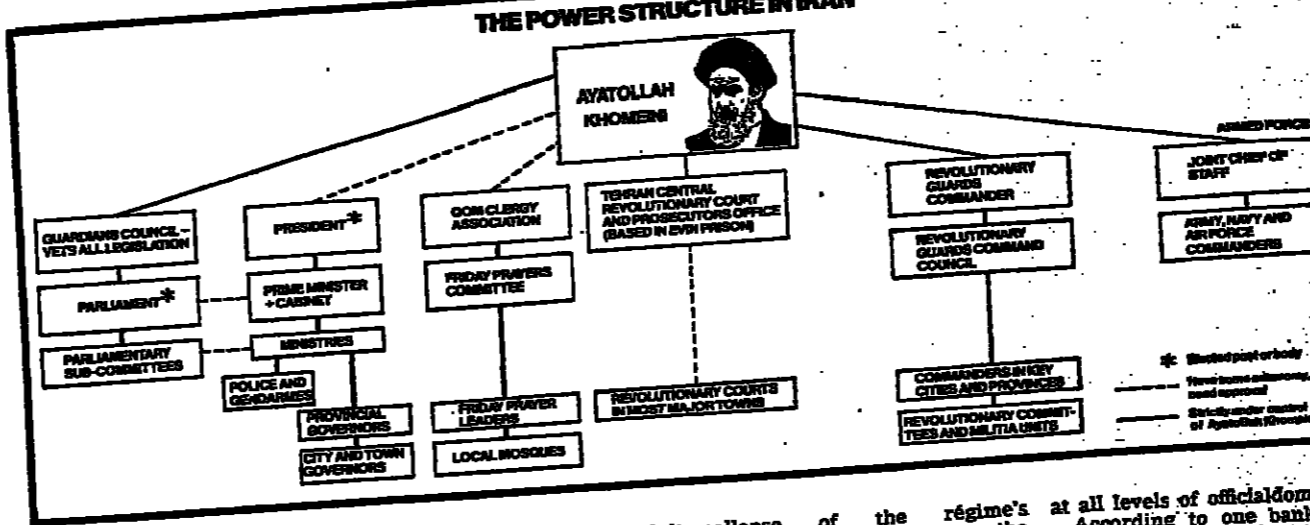
Australia warned on pay freeze

By Michael Thompson-Noel in Sydney
THE AUSTRALIAN Government faces outright union opposition in its hopes for a pay freeze...

Two years' fighting has taken its toll on revolutionary resolve, writes Terry Povey
Popular support dwindles for Iran's crusade

IRAN's latest offensive in the Gulf war has halted some 10 miles inside Iraq. The rival armies now confront each other at three different points along the long common border...

Two things stand out from this simplified chart of the fundamentalist apparatus. The first is the lack of horizontal links between senior bodies other than through Ayatollah Khomeini...



heads the local revolutionary court and the local revolutionary guard commander. This quartet is all-powerful at a local level. Ayatollah Khomeini also appoints his own representatives for almost all ministries and organisations...

Israel drops purge on academics

By David Lennon in Tel Aviv
FOREIGN academics teaching at Palestinian universities on the occupied West Bank are withholding judgment on what appears to be an Israeli climb down over demands that they sign anti-PLO pledges...

Senior Taiwan diplomat named for Washington

By Bob King in Taipei
TAIWAN has appointed veteran diplomat Frederick Chien to head the Co-ordinating Council for North American Affairs...

Japan lifts Burma aid

BY CHIT TUN IN RANGOON
JAPAN HAS maintained its position as Burma's leading development aid donor by extending a project and a commodity loan...

of setting up a liquefied petroleum gas plant. The commodity loan of Y6.8bn will be used for purchase of machinery and spare parts for four Japanese-aided projects...

recruits. Ayatollah Khomeini recently issued a series of rulings. In these he declared that parental permission was unnecessary for those going to the front, that volunteering was a religious obligation...

for a 25 per cent budget deficit this year, as well as for higher inflation, bottlenecks in construction projects in even the most needy areas, and delays in the distribution of imported goods...

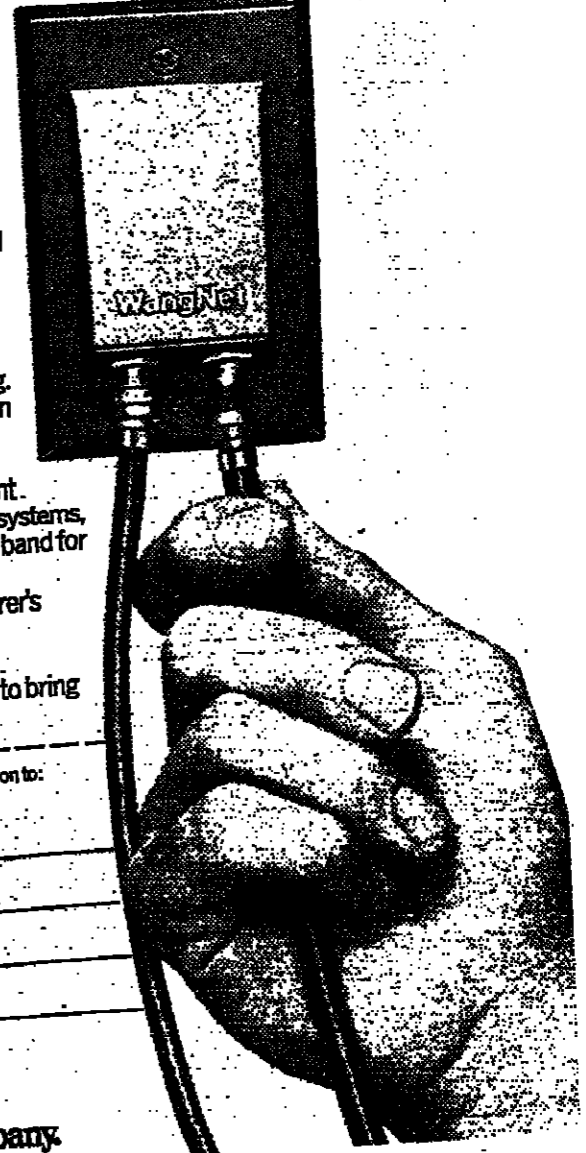
Trade talks with NZ

BY DAI HAYWARD IN WELLINGTON
A NEW ZEALAND minister will spend four days in Iran later this month. Mr Warren Cooper, Foreign Affairs Minister, will be the Affairs Minister...

Iran's system of payments for New Zealand imports. New Zealand is anxious to convince Iran that it wants to be a regular trading partner and was interested in long-term trading particularly for meat and dairy products...

Only one network brings you the news with sound and pictures.

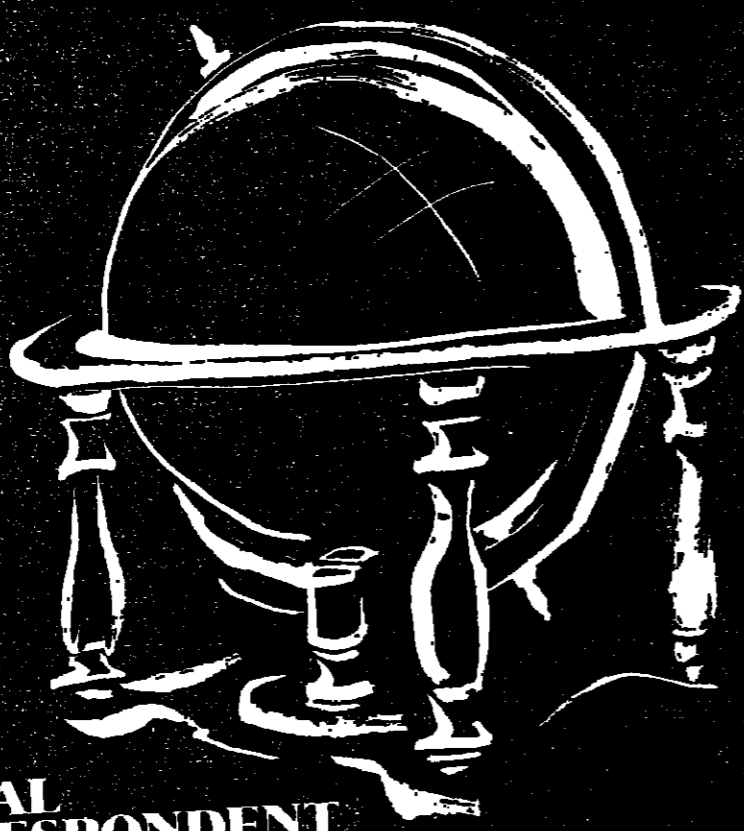
Local networks are the last word in office technology. And providing you choose the right system, they could be for some time to come. Currently, you have a choice of two. Baseband, better known perhaps by the name Ethernet...



Form for requesting information or a demonstration of the WangNet system, including fields for Name, Title, Company, Address, and Telephone.

SEE US ON STAND 203, HALL 4 AT THE WHICH COMPUTER? SHOW AT THE NEC BIRMINGHAM 10-21 JANUARY.

GLOBAL CORRESPONDENT BANKING



American Express Bank

Offices, Subsidiaries and Affiliates: Abu Dhabi, Amsterdam, Antilles, Athens, Bahrain, Beirut, Bombay, Buenos Aires, Cairo, Calcutta, Cannes, Caracas, Chittagong, Colombo, Copenhagen, Dhaka, Dubai, Dusseldorf, Frankfurt, Geneva, Grand Cayman, Hamburg, Hong Kong, Islamabad, Istanbul, Jakarta, Jakarta Kota, Karachi, Kuala Lumpur, Lahore, London, Manila, Mexico City, Milan, Monte Carlo, Munich, New Delhi, Nice, Panama City, Paris, Piraeus, Rio de Janeiro, Salonic, Santiago, Sao Paulo, Seoul, Singapore, Taipei, Tokyo, Vienna, Zurich.

AMERICAN NEWS

Brazilian opposition wins three key states

By Andrew Whitley in Rio de Janeiro

BRAZIL'S opposition parties have scored a convincing haul in the key elections for state governors, capturing the three most important states of Sao Paulo, Minas Gerais and Rio de Janeiro.

With about three quarters of the votes cast in last Monday's national elections counted, the main opposition party, the centrist Partido do Movimento Democratico Brasileiro (PMDB) is likely to wind up with nine of the 22 states being contested.

The victory in Rio de Janeiro of Sr Leonel Brizola - the phenomenon of this election and the one man to seriously upset the ruling military's calculations - gives the opposition its tenth state.

On Sunday, President Joao Figueiredo made an offer of co-operation to the new opposition governors. He said government-funded development programmes would go ahead regardless of who was in charge in individual states.

Sr Brizola, a radical populist keen to build a new socialist party in Brazil, similarly extended an olive branch to one of the men who forced him to flee the country for his life when the army seized power in 1964. He praised the President for his "firmness and tenacity" in steering the country back towards democracy.

As the lengthy electoral count enters its final stages, early predictions that the opposition would end up with eight states have had to be revised. The PMDB has won unexpectedly in Mato Grosso do Sul and is leading in the Amazon states of Acre and Para.

The PMDB is likely to end up with 15.4m votes against 13.9m for the Government's Partido Democratico Social in the gubernatorial elections, according to computer projections. The three smaller parties all trailed badly, with their totals largely representing the votes for their single, well-known personalities. Together they have only about 5.7m votes.

Gloomy forecasts for 1984 U.S. budget deficits

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PROJECTIONS ARE beginning to pour in of massive U.S. budget deficits for fiscal 1984, which starts next October 1, could be \$190bn-\$195bn (£113bn-£122.5bn). It is suggesting, however, cuts of only \$25bn to \$30bn to marginally narrow the gap.

Fiscal 1984 is the year by which President Ronald Reagan originally promised to balance the budget.

Mr Martin Feldstein, the chairman of the President's Council of Economic Advisers, said that without "significant action" to cut domestic spending, deficits over the next years immediately ahead would run from \$150bn to \$200bn.

Mr Feldstein at the weekend repeated his doubts about plans under consideration to advance next year's 10 per cent cut in personal taxation from July 1 to January 1.

Mr Robert Dole, the influen-

tial Republican chairman of the Senate finance committee, expressed similar doubts. He said that the focus should be on ways to reduce the deficit, not increase it. He was doubtful if speeding the tax-cut would get through Congress.

Mr Reagan was nevertheless thought to be giving serious thought to trying to push the acceleration through with the aid of the same kind of block-busting political campaign he used to secure his initial tax and budget-cutting victories last year.

Mr Reagan was still, however, sticking to his plans for a massive boost to defence spending, despite the deficit figures and mounting pressure on him.

While the White House accepts that cuts in defence spending plans may well ultimately be forced on Mr Reagan, it does not want to give the critics an opening by starting the process itself.

Mr Feldstein said on Sunday that the U.S. economy was at the bottom of the long recession and ready to recover, but added that he could not give a precise date for the start

Tricentrol to explore in Gulf of Mexico

By Richard Johns in London

TRICENTROL has expanded its overseas exploration programme by bidding successfully for a share in six offshore blocks in the Gulf of Mexico in last week's \$635.1m sale of leases.

The wholly owned U.S. subsidiary of the British natural resources company paid £11.1m (\$17.5m) for an 8.3 per cent interest in the blocks in participation with Texaco, the major, and Fongco, the Houston-based oil and gas company. In addition, Union Oil has a stake in two of them.

The blocks include one tract in the West Cameron area in waters off Louisiana which attracted the most competitive bidding in last lease sale. But the auction was generally a disappointment for the U.S. Department of Energy with only \$635.1m realised - the lowest amount raised for the Gulf of Mexico since 1975.

Texaco was the most aggressive company bidding for 19 tracts, mostly in partnership with other companies, and gaining a foothold in 10 of them.

Last week Tricentrol Exploration announced that it had agreed to participate with Conoco in a programme to explore five offshore tracts in the Santa Maria Basin in Californian waters, where Chevron and Texaco have recently discovered "giant" fields.

Last month it made a successful bid for 33,709 acres in an Indian reservation in Colorado.

Chrysler Canada-UAW negotiations resume

BY RICHARD LAMBERT IN NEW YORK

CHRYSLER Canada and the United Auto Workers Union started negotiating again yesterday for the first time since UAW members began their strike against the company on November 5. The two sides met together briefly in Toronto yesterday morning, and agreed to set up sub-committees which will attempt in the next few days to resolve non-wage issues.

The union said it hoped that talks on wages and financial benefits would begin later this week. Asked whether a wage increase would be offered to Chrysler workers in Canada and the U.S., Mr W. J. Fisher, the company's chief negotiator at the talks, replied: "That depends on what sort of progress we can make on the non-

economic issues." The UAW said that some 9,600 hourly paid workers and 400 salaried workers were currently involved in the strike, which has led to substantial layoffs at Chrysler's U.S. operations.

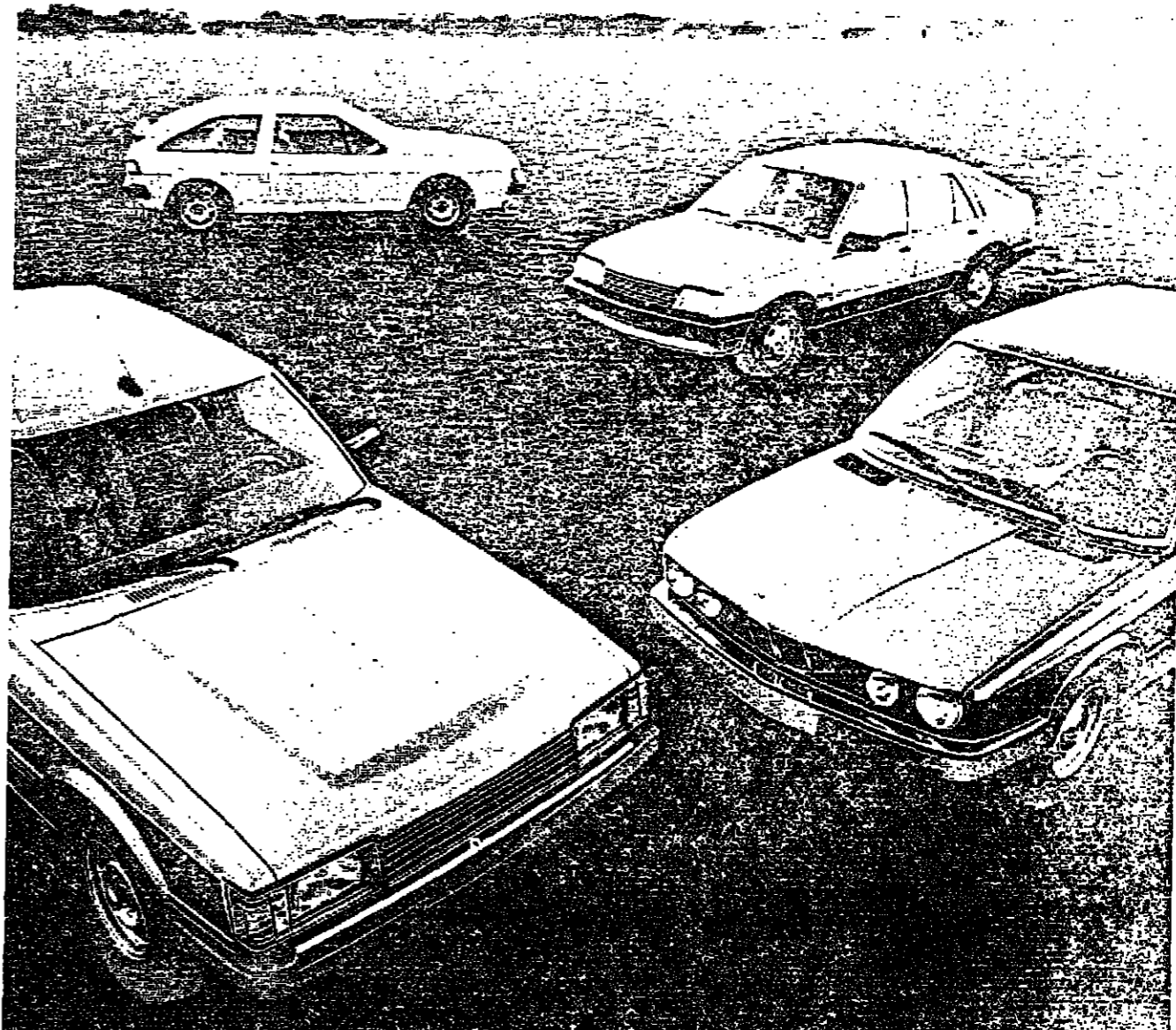
Yesterday's talks followed a decision last week by the union to seek simultaneous resolution of its contract disputes in Canada and the U.S. Chrysler negotiators also had a brief session with UAW leaders in Detroit yesterday morning.

U.S. Chrysler workers voted last month not to strike against the company. Instead, they agreed to continue working under their old labour contract pending a new set of negotiations early in 1983.

BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public. For further advertising details please ring: 01-248 8000 extn. 3606

QUICK, WHO WON EUROPE'S HIGHEST AWARD FOR AUTOMOTIVE EXCELLENCE IN 1982?



CHANGE IT WITH BARCLAYS BANK.

In today's highly volatile foreign exchange market, there's one bank that can make your business a little simpler. Barclays Bank. Barclays is the biggest foreign exchange dealer in the world's biggest foreign exchange centre - London. So whatever's going on in the world, Barclays is in the right place, at the right time, to give you the right quote.

MORE MONEY FOR YOUR MONEY. The sheer size and scale of Barclays' foreign exchange dealings guarantees you extremely competitive exchange rates. And also means that Barclays can offer you the widest range of currencies you'll find anywhere. A point worth bearing in mind when you need Saudi Arabian rials, or Venezuelan bolivars, or whatever.

24 HOURS TO THE DAY. London is the centre of Barclays' comprehensive international network of twenty foreign exchange dealing rooms, strategically located across the world's key business centres. A network which keeps a close eye on everything that's happening in the world's foreign exchange markets. And a network that always offers round-the-clock service,

with a branch always open for business - if not London, then Hong Kong or Frankfurt - and in the United States, New York, Chicago and San Francisco. That's why, the next time you're dealing with foreign currencies, you should talk to Barclays Bank first.

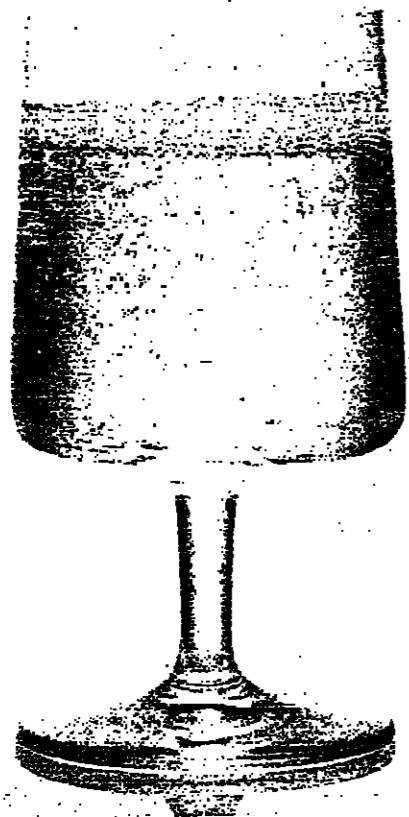


You'll find that anywhere in the world of foreign exchange, there's no bank more at home.

هكذا امرنا الاصل

TWA Royal Ambassador Service is more than first class.

and
t over
nism

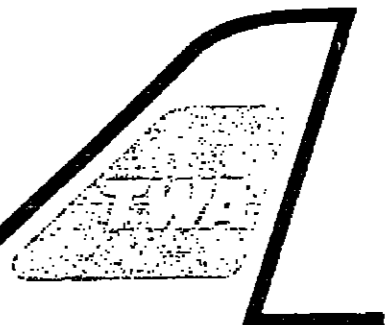


TWA has brought a new dimension to first class. The comfort and luxury of its Sleeper-seats. The excellence of its food and wines. The warmth and attentiveness of its service. Quite simply TWA Royal Ambassador Service is a class apart. Isn't that what first class should be?



See your TWA Main Agent for full details.

You're going to like us



UK NEWS

Minister unbowed by Britoil sale setback

BY IVOR OWEN

SHRUGGING aside Opposition demands for his resignation, Mr Nigel Lawson, the Energy Secretary, told the House of Commons yesterday that net proceeds from the privatisation of Britoil, the former State-owned oil exploration and production group, were expected to exceed £825m.

He was mocked by Labour MPs, who argued that the under-subscribing of the Britoil share offer, coming on top of the huge gains made by speculators through the earlier privatisation of Amersham International, made resignation the only course open to him.

Only 25 per cent-30 per cent of the tender offer was subscribed and underwriters face immediate losses of up to £30m. Trading in the shares is expected to begin today.

Mr Merlyn Rees, Labour's Shadow Energy Minister, scoffed at Mr Lawson's reputation for expertise

in the operation of the stock market and declared: "This is a vote of no confidence from share buyers - and your own chosen constituents."

He claimed that Mr Lawson's overconfident leadership had convinced many small shareholders to buy at a price which would look very high today. Mr Rees insisted that Britoil had been "no ordinary flop." To Labour cheers, he said, "This was supposed to be the show-piece of privatisation."

Mr Lawson said the price obtained for the Britoil shares had been "very satisfactory" to the taxpayer, an outcome totally opposite to that predicted by Labour MPs who had envisaged a "City rip-off" with the shares being sold too cheaply. Valid applications were received in respect of just under 70m shares. They had been accepted in full at the minimum tender price of 215p per share.

"The balance of the underwritten portion of the offer for sale - some 185m shares, will be taken up at the same price by the underwriters and sub-underwriters, who comprise some 500 pension funds, life offices and other investing institutions who will hold the shares on behalf of their members, policy holders and shareholders."

Mr Lawson said 89 per cent of all applications came from small investors and employees. There were a little over 35,000 applications for 2,000 shares or less.

Mr Lawson confirmed that the Government would be left with about 49 per cent of the share capital of Britoil.

He came under more fire from the Labour MPs when he gave an assurance that he would welcome an inquiry by the House of Commons Public Accounts Committee into the handling of the sale.

Satellite plan now threatened, BBC says

By Guy de Jonquieres

THE BBC warned yesterday that its plans to start direct broadcasting by satellite (DBS) in 1986 could be threatened if the Government accepted a report recommending adoption of technical standards proposed by the Independent Broadcasting Authority (IBA) in preference to those favoured by the BBC.

It said that the recommendation, taken together with the recent Hunt Report on cable television,

More UK News Pages 12, 26

raised "the possibility that the financial viability of DBS is dangerously diminished." It would have to examine the financial prospects closely before deciding to proceed as planned.

An official report to the Home Office, published yesterday, urges the Government to decide quickly in favour of the IBA satellite broadcasting system which, it says, is technically superior and could enable Britain to take a lead in setting a common European standard.

The report, drawn up by a committee headed by Sir Antony Part, former Permanent Secretary of the Trade and Industry Department, said that the IBA system was favoured by equipment manufacturers, and its adoption could open up valuable export opportunities.

Though owners of existing television would have to use special converters to receive signals transmitted by the system, known as C-MAC, it would cost no more to install than the BBC's own PAL system, the report suggests.

The Part report warns that adoption of the BBC proposal, based on the broadcasting standard currently in use in Britain, could severely stunt the growth of satellite broadcasting. Though the BBC proposed eventually to introduce a modified DBS standard known as E-PAL that might never prove commercial feasible.

There was a time when there was time.

Once we could spend time with a new piece of information. We could think about it, then decide what to make of it. But today information flashes by us in split seconds. Or it sits on our desks for weeks. Either way, there's little time for it all.

A company called TRW is addressing the problem of too much, too fast. Recently TRW designed a system that processes trillions of bits of information a day.



London City Exchange, Bridge, France, 15,000 B.C.

This babble of raw data is instantly cross-referenced and made available to thousands of people. No wasted time.

In an age when information is easy to generate, the trick is to weed out the irrelevant. That way we'll have the information we need. And, we'll have time left over to do something with it.



© TRW Inc., 1982
TRW is the name and mark of TRW Inc.

Motor industry forecasts £1bn trade deficit

By Kenneth Gooding, Motor Industry Correspondent

BRITAIN'S balance of trade in motor industry products will be about £1bn in deficit this year, according to the Society of Motor Manufacturers and Traders.

It will be only the second time that the official trade statistics will show a deficit on the motor industry account. Imports outweighed exports by £287m in 1979 but the following year there was a £593m surplus of exports over imports.

The need for the Government to supply some stimulant to the UK motor industry was stressed again yesterday by the society when Mr George Turnbull, its president, met Sir Geoffrey Howe, the Chancellor of the Exchequer.

The society is pressing hard for the removal of the special car tax of 10 per cent to help push registrations from the current level of about 1.5m to 2m.

This would give British manufacturers of both cars and components a domestic market similar in size to those of its competitors in France and Germany.

Spending dips below government targets

BY PETER RIDDELL, POLITICAL EDITOR

PUBLIC expenditure is running at well below planned levels on a very wide range of central government programmes - from the Secret Service to the Manpower Services Commission.

That is revealed in the winter supplementary estimates published yesterday. The Treasury is, nonetheless, seeking approval for an additional £1.5bn in estimates on other programmes for the remainder of the financial year.

That is because underspending on one estimate cannot be used to cover overspending on a separate estimate. But the Treasury says the additional sums do not add to the overall total.

The official expectation is still that public spending will be below planned levels over 1982-83 as a whole.

The Treasury's figures show that central government expenditure in the first half of 1982-83, to the end of September, was £38.9bn. That was £588m, or roughly 1.5 per cent, below the levels indicated by departments. In addition, there has

been substantial underspending on capital investment by local authorities.

One reason is that the rate of inflation has declined faster than expected. The underspending is across programmes of widely different kinds. Ironically, there was underspending of £387m in the defence procurement budget in the six months to September. That was partly offset by overspending in the same period of £250m on stores supplies and pay, as a result of the Falklands campaign.

The Government is seeking supplementary estimates of £371m for defence because of the Falklands, and further requests are likely. The other main supplementaries are for agricultural support, £304m, because of increased intervention buying of cereals and milk products for regional assistance, £150m; and for housing subsidies, £198m. More than £60m is being requested for the cost of improved pay for certain groups of National Health Service staff.

Informania: The Problem.

The Cure.



Think about the welter of reports, files, memos, printout and statistics, that swamp you every day and it's no wonder that the average decision maker ends up with a mind boggling malady.

It's called 'Informania'.

Fortunately, after over 95 years of experience and research into the problem, Burroughs have come up with a range of miracle cures.

Take our OFISFILE for example.

It's just one part of the incredibly advanced information system called OFIS 1.

OFISFILE is an electronic filing system that will track down a file in a mere 8 secs. on the scantiest of information, often just a word or phrase from a memo. (For all that it's as easy to use as a typewriter.)

In all it'll carry at least 80,000 files or, to put it another way, 50 filing cabinets. Yet it's no bigger than a photocopier and perhaps most important of all, it's sensibly priced.

But this is only one way Burroughs can help you collect, create, analyse, store, recall, reformulate and distribute information.

Making it work for you, not against you.

If you'd like to know more about OFIS 1 or any of the other ways we can help stop Informania infecting your company, contact the Customer Information Department (0298 2311), Burroughs Machines Limited, Heathrow House, Bath Road, Hounslow, Middlesex.

But do it now.

After all prevention is better than cure.

Burroughs

مكتبة جامعة القاهرة

TECHNOLOGY

EDITED BY ALAN CANE

FILM AND VIDEO

New promise in cable television field

BY JOHN CHITTOCK

TWO MONTHS ago, before the Hunt Report and the present media overhaul on cable television, this column presented its closing case against the medium—with arguments which now seem widely accepted. I then resolved to leave the subject alone for some time; not because of fears of upsetting those nice people at the Cable Television Association, but because I guessed everyone would be getting rather tired of the subject.

Last week, however, something happened which broke my resolve. A British company with the unlikely name of Optical & Textile launched a cable television system which is both different and financially promising. It uses optical fibres, provides high quality colour television relay, and is available now.

It is different technically because it adopts a very simple idea that everyone else seems to have forgotten in the panic: namely, it uses conventional analogue TV signals—not digital—and thus avoids the complexity and cost which seemed inevitable with fibre optics.

There is a catch, of course. The system is not intended for public networks, but simpler installations over relatively shorter distances—even temporary hook-ups for one day events; indeed, some situations where already co-axial cables might be used to provide a similar service.

By using fibre optics, however, the installation—whether permanent or just for one day—is made much easier physically and electrically. Co-axial cables are very heavy to manhandle and pass round awkward corners; they must keep clear of electrical fields, where induction can cause severe problems; and they come in drums of only about 500 m—which means jointing and electrical loss if longer distances are to be covered.

Optical & Textile's basic package comes with one kilometre of optical fibre cable—easily carried by one person, very thin and flexible, and capable of permanent installation or temporary lash-up in places where co-axial cable

could never be used. Because the analogue signals of existing TV systems are used, the equipment for converting the electrical pulses to optical ones (for transmission along the fibres) is relatively inexpensive. Cost of a one kilometre outfit is under £4,000.

This idea is bound to catch on wherever distances between the head end and receivers are not much more than two or three kilometres. For one-day lash-ups, it may take only half-an-hour to install—as Optical & Textile demonstrated last week in London, with a very thin cable coming from the roof to a room below.

Hotel systems will be obvious customers for the technology. One company servicing this industry—Hotel Television Network—has just announced that in its first year 25,000 hotel bedrooms have been connected (conventionally) with an in-house TV service.

There is an old-fashioned name for these uses of television, almost forgotten: closed circuit television. Which, of course, is really what cable television is; but in the excitement over cable the essence of the concept—exclusive connection between one viewer and one programme—has become rather confused.

The video recorder is merely providing a version of closed circuit television. But may not feed just one TV set at the end of two metres of wire; it is now frequently feeding its own private cable network to which dozens or even hundreds of receivers are connected.

I was reminded of this also last week during a long day as one of the judges in the annual awards of the Educational Television Association. This organisation especially represents many of the universities which run their own internal TV services (and to whom the Optical and Textile system will be of special interest).

More video programmes are now being made for such networks, for which the audience may be a few hundred scattered around a closed community or just one person shut in a room to become programme con-

troller and audience combined.

This is the thinking behind another new venture announced last week—by Henley Distance Learning. For those who have not the time to attend a course at Henley's management school the learning will now go to them—in a multi-media, interactive package comprising videocassette, audiocassette, and loose-leaf work books. The first, *Accounting for Managers*, will be a comprehensive course for those who should know all about it but don't.

The videocassette, which traces a well dramatised case history, is designed to be stopped at various stages so that other parts of the package can be used. The entire course may take about 100 hours, but paced by the viewer not a teacher or programme controller.

This is the quintessence of closed circuit television, which video has made possible. It opens up possibilities just as exciting as cable television—ironically a point well demonstrated by the same Department of Industry which is pushing cable so vigorously.

The Department has just sponsored two video programmes for schools—*Head for Business* and *Self Starters*—which come free of charge for schools to keep and use as required. No connection charge, no rental. Both programmes give a clue to present government thinking: let's own businesses.

They do this splendidly—the first with John Cleese as a fuddy-duddy assistant bank manager (whose son hits the jackpot with a new business); the second a documentary account of six successful case histories of people who started on their own.

These programmes really do make the idea of business exciting, which for school-leavers is quite an achievement. They exemplify, too, how video can do things which cable can't. Thousands of school-leavers will, for sure, view these programmes over the next few months—many on their own in their own time.

And equally for sure, in a year or two Britain will gain a new army of entrepreneurs; thanks to closed-circuit television.

THE \$350 WORLDWIDE COMPANY

Exploiting ubiquitous magnets

BY MAX COMMANDER

THE attraction of a magnet is not so much its pulling power but how it is applied. One U.S. company, in the magnetics business since 1942, believes that it has proved that there is hardly a business or industry where its expertise on the use of magnetics cannot be applied.

Eriez Magnetics was established in 1942 in Erie, a town now of about 150,000 people on the southern shore of Lake Erie. Bob Merwin, the present chairman, is proud of the fact that part of his \$350 helped his father to get the company going. Bob is probably winding down and leaving more and more of the future development of the company to son Richard. But rightly so. Both are proud of what they claim to be the biggest magnetics research laboratory in the world. It is not really designed for pure research but how to save money for existing and potential customers.

Basically, Eriez is an ideas company. Eriez believes in recruiting the best possible people, a top class outside trouble-shooting force always available for the customer, which can analyse the materials with which he is dealing and come up with a money saving solution.

The customer can be in the coal or steel industry, in the recovery of ferrous items or even down to recovery in street cleaning. The idea is to put cash flow back into the client—a magnetic formula which appears to have worked well for Eriez.

The company in this mainly German/Polish immigrant area admits that orders are not so easy to come by as they once were. The recession—with Pittsburgh less than an hour's flight away—is suffering. Steel mills, badly hit, growing unemployment, and, would you believe, a soup kitchen in Erie High Street? is playing havoc with the former American dream.

Nevertheless, Eriez Magnetics has so far avoided laying people off. Mind you, the company is by no means the biggest employer in the town. General Electric of the town, General Electric of the town, General Electric of the town, still works round the clock turning out 800 tonnes an hour of fine quality writing paper.

The Eriez research laboratory with constantly replaced equipment works on the basis that any company dealing with



The Eriez Central Test Laboratory in Pennsylvania has more than doubled its test capacity in the past five years and is claimed to rank as the first in the field of applied magnetic and vibratory forces. About 85 per cent of its work is involved on tests on the magnetic separation of a wide range of customers' materials.

most any material can save money by providing that material for analysis and testing and Eriez will come up with an answer to recover hitherto waste products and therefore save the client money. Over the years since 1942 Eriez has not confined itself to the U.S. Affiliates or subsidiaries have been established in Canada, France, the UK, Japan and Mexico.

One of the company's brochures, is headed "Magnetic Ideas." It says: "This little booklet is packed with magnetic

ideas which can save uncounted thousands of dollars annually for scores of plants in widely varying industries. Mainly, Eriez works in three areas: magnetic separation, magnamation and vibration. For example, non-electric magnets can remove tramp iron from clinder aggregates in a cement block plant. These plate magnets in standard sizes from four to 72 inches wide are able to remove everything from fine wire contaminants to iron bolts, wire and old springs. Similar uses for permanent

magnetic hump separators can be found in distilleries and one where about 20 pounds of tramp iron is extracted daily from Brooke Bond India in a tea processing plant.

Eriez' HI magnetic filters are designed to remove tiny particles of ferrous contamination from flowing liquids such as ceramic slips and glazes, printing inks, lubricating oils and chemical solutions.

Other applications can cover the removal of metal particles in blast furnace slag and from processing lines.

Mineral particle recovery

MAGNETIC research is also alive and well in the UK. The Department of Industry is supporting work on a high gradient magnetic research facility at the Institute of Cryogenics at the University of Southampton.

Dr JHP Watson says that the aim of the institute is to provide a testing and diagnostic service for industry specialising in fine mineral particle recovery. Dr Watson claims that aluminium particles, usually thought to be non-magnetic, can also be recovered.

High gradient magnetic separation (HGMS) is the university's technique for the filtration of micron sized paramagnetic particles.

Dr Watson says that the procedure uses a ferromagnetic matrix which is placed in an external magnetic field built to produce high field gradients and a large surface area on to which magnetic particles can be attracted and stored.

The material to be processed is passed through the matrix, usually in the form of a slurry. The field is periodically switched off (or alternatively the matrix is taken out of the field and the magnets washed off).

Dr Watson points out that HGMS has found numerous industrial applications, particularly in mineral processing where it provides a very efficient technique for particles where normal

magnetic separators become ineffective.

The institute has carried out in-depth studies of the response to minerals to HGMS, and also constructed a system whereby particle trajectories and capture profiles can be observed and recorded on a closed circuit television.

This uses a single wire cell whereby the material captured can be examined with following theoretical calculations to determine the optimum separation conditions.

Eriez Headquarters is at Erie, PA 16512 (814-8339881) or, if you are in the UK (Fred Downie) is at Caepphilly 0222 866501. Dr Watson is at the Institute of Cryogenics, Southampton University (0703 559122, ext 2050).

Machine tools

Lathes for small shops

ADVANCED machine tool technology for the smallest turning shop with a turning requirement has exercised the minds of T. S. Harrison of Heckmondwike, West Yorkshire. The company has now introduced a range of low cost CNC lathes with turning capacities from 250 mm swing x 500 mm centres on the smallest machine and up to 530 x 2,000 mm on the centre on the largest.

Models using either the Anilam Crusader II control with options for very simple operations can be provided. Harrison, a member of the 600 Group, is at Union Street, Heckmondwike (0924 403751).

Pumping

Plastic range

A RANGE of plastic sump pumps designed to supplement the existing series of end suction pumps has been introduced by Crest Pumps, Uddens Trading Estate, Wimborne, Dorset, (0202 874411).

The PPS range is capable of heads from three to 23 metres and capacities of two to 20 cubic metres an hour. Suspension lengths from between 0.5 to three metres can be accommodated in any increment of 100mm.

The basic construction material is polypropylene with PTFE bearings with carbon or ceramic sleeves for corrosion resistance. Standard motors are metric TEFV, but flameproof motors can be specified. An optional extra is a liquid flame seal for corrosive chemicals.

Full technical details from the company.

Cure

In January 1982, fifty-two European motor journalists awarded the Renault 9 the envied title of "Car of the Year". While selecting the Renault 9 among many valuable nominees, these experts acknowledged the intrinsic qualities of the model: its particular comfort and safety.

VOILA RENAULT.

Also appreciated its outstanding reliability, which is a result of the innovative engineering implemented in designing this car. Last but not least, being a low fuel consumer, Renault 9 was able to stand out as the most fuel-efficient car in its class. Car of the Year? "Voilà Renault!"

For more information, we invite you to write us at Renault, Direction Centrale de la Communication, 34 quai du Point du Jour, 92109 Boulogne-Billancourt, France.



RENAULT 9 Car of the year 1982



ughs

Chicago Film Festival/Nigel Andrews

My kind of prize town

Few filmmakers brought up on the movie-myth image of Chicago as a place of prohibition and screaming Fords...

gentle accent wobbling between Bow Bells and Home Counties? and most lately as spindly prima to Alan Bates in the WWI-set Return of the Soldier.

Dennis, Karen Black and Cher turn in high-power performances. The sprightliest movie revelations were from Greece and Holland.

shot by Richard Gibb. We're in the late 1960s and a Botticelli-curved young drop-out (Peter Nelson) is kicking his heels in the nervous limbo-land between leaving university (expelled for pot-smoking) and perhaps being drafted (but he hopes not) to Vietnam.

socially accepted "What's the matter, Susan Jane?" croons the piously celestial over-voice, as Klinghult Susan J. covers against flower-petalled walls: "Aren't your friends inviting you to their party?"



London Galleries/William Packer

At home with Muriel

There are dealers who deal, and there are dealers who vary the pace a bit, arranging a show from time to time around a certain theme that might seem to them a good idea.

round. We do indeed love to take our pleasures secretly. Nils Dalwood was always arranging to meet me at Muriel's, but he never did.

explicitly describe and investigate the relation. Landscape elements are cannibalised from his other prints, and figures that relate to his sculpture are drawn and collaged onto them.



Scene from "Whatever happened to Susan Jane?"

Candide/New York City Opera

Andrew Porter

The New York City Opera has had a big public success with its production of Leonard Bernstein's Candide.

The Broadway Candide, produced by Harold Prince, with a new book by Hugh Wheeler, was a slick, skilful vulgarisation of the same team, is vulgar all right but hardly slick or skilful.

reinstated (welcome, even though they appear now in irrelevant contexts and in new texts). David Eisler is a Candide who rises above the clutter and rubbish all around him to find the poetry, the romance, the honest emotion and the small bright ray of reasonable hope.

The other new production of the season (besides those already mentioned in these pages) was of Gluck's Alceste. Its single virtue made it complementary to the Kentucky Lepper reviewed recently: Raymond Leppard's conducting combined the feeling for individual lines which turns Gluck's phrases into direct emotion.

wrinkled sky. Brian Macdonald's singing suggested eurythmics in a village hall.



David Eisler

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

WEST GERMANY Berlin Deutsche Oper: Orpheus and Eurydice features Hanna Schwarz and Gudrun Sieber in the main parts.

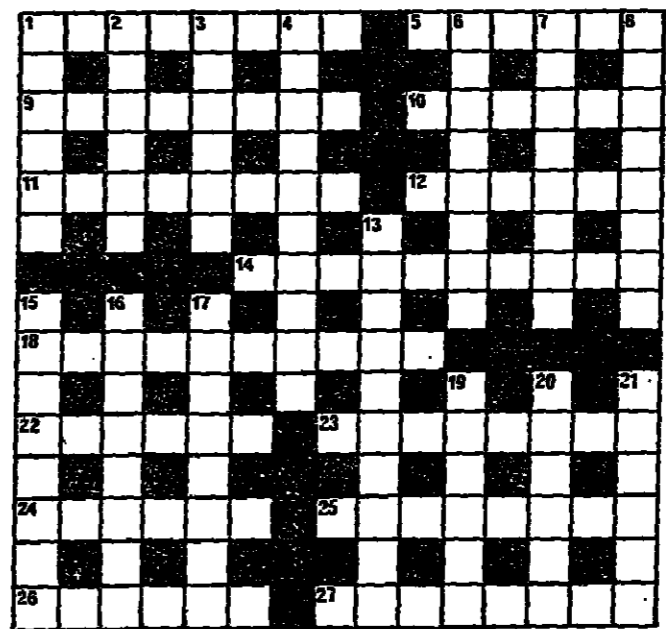
Italian cast has fine interpretations by Maria de Francesco-Cavazza and Raymond Wolosky. Janacek's Katja Kabanova will be performed this week, as well as Salome, a revival produced by Götz Friedrich.

CHICAGO Lyric Opera of Chicago (20 N. Wacker): Miguel Gomez-Martinez conducts Harold Prince's production of Madama Butterfly.

VIENNA Staatsoper (5022/2855): Madame Butterfly. Der Rosenkavalier. La Nozze di Figaro. Pique Dame. Pique Dame, its first premiere on Monday conducted by Dimitri Kitarenko and produced by Kurt Horst.

F.T. CROSSWORD PUZZLE No. 5,032

- ACROSS 1 A sticky start, but it's commonsense (8) 5 Uncertain in the business (6) 9 Bloody, bold follower (8) 10 The Mosaic way out (6) 11 V.I.P.s put money in horses (8) 12 Nearer one hundred on one that does not win (6) 14 Extremities sound confused in a courageous action (4, 2, 4) 18 Turns on a Pope—her morals are in question (2, 8) 22 Naomi's daughter in the Welsh town (6) 23 Shouts of warning are annoying in the growth of timber (8) 24 A paper gets on in the Spanish province (6) 25 Thus in form for five races (8) 26 There's my girl (6) 27 Goes to pieces when the interval is over (6, 3) DOWN 1 Artist in pledge for safe parking (7) 2 Young girl finds nearly everything in a prayer book (6) 3 There is some bother about the French in Spain (6) 4 A neutral position (2, 3, 5) 6 Merely enjoyed by the cat on many occasions (4, 4) 7 One state gets us to examine trade (8) 8 'Erad made to his eyebrow' (AYLL) (8) 13 Carol let on about the schoolboy's wear (4, 6) 15 Multiplication—you can't be stumped here (8) 16 Perplex Pluto with a pamphlet (8) 17 A play by Sophocles and Anouilh (8) 19 Country for the blind (6) 20 The way up for the celebrities about one (6) 21 The Sophy's aromatic plant (6)



7 One state gets us to examine trade (8) 8 'Erad made to his eyebrow' (AYLL) (8) 13 Carol let on about the schoolboy's wear (4, 6) 15 Multiplication—you can't be stumped here (8) 16 Perplex Pluto with a pamphlet (8) 17 A play by Sophocles and Anouilh (8) 19 Country for the blind (6) 20 The way up for the celebrities about one (6) 21 The Sophy's aromatic plant (6)

FINANCIAL TIMES

operates a subscription hand delivery service in the business centres of the following major cities: AMSTERDAM BOMB BOSTON BRUSSELS CHICAGO COPENHAGEN DUSSELDORF EINDHOVEN FRANKFURT GENEVA THE HAGUE HAMBURG HONG KONG JAKARTA KUALA LUMPUR LISBON LOS ANGELES MADRID MANILA MEXICO CITY MIAMI MONTREAL MUNICH NEW YORK PARIS ROTTERDAM SAN FRANCISCO SINGAPORE STUTTGART TOKYO TORONTO UTRECHT VIENNA WASHINGTON

INTERNATIONAL COMPANIES and FINANCE

Dutch mortgage bank stays in the red

WESTLAND-UTRECHT, the Dutch mortgage bank which had to be propped up by F1300m (\$108m) of institutional funds earlier this year, reports a net loss of F133.1m for the first nine months of 1982.

Indonesian family hits the U.S. takeover trail

HIBERNIA BANK of San Francisco is a modest but solid institution of the U.S. west coast financial establishment which unwillingly made the headlines in the mid-1970s when it fell victim to a final filing of radical politics.

Mr Manuel Pangilinan, former American Express banker, and Mr Robert Meyer, an American lawyer, behind them stands very considerable funding. The Liem name may not be all that well-known in downtown San Francisco, but the

Indonesia's Liem family is well on the way to taking control of Hibernia Bank of San Francisco, the twelfth largest banking group in California. Via their Hong Kong interests, they plan to use the acquisition as a stepping stone to further expansion, possibly in Europe.

two branches of the family represent the largest accumulation of private commercial interests in their native Indonesia. The Liem owns a majority stake in Indonesia's largest private bank, Bank Central Asia, which has total assets of U.S.\$280m; their Indonesian company is one of the largest in California, with 35 branches and total assets of U.S.\$900m.

The Liems have had an equity position since 1979 in a Hong Kong deposit-taking company, then called Overseas Union Finance. By channelling their custom into OUF, they boosted its total assets from HK\$157.3m at year-end 1979 to HK\$883m (U.S.\$136.7m) at year-end 1981.

Finance companies in Hong Kong have legal restrictions on plans to diversify, so a parent company, First Pacific Holdings, was established through the take over in March this year of a former "shell" called Shanghai Land Following rights issues by FPF and FPH, each now has shareholders' funds of over HK\$100m.

The plan now is to transfer ownership of Hibernia to FPH. The only cloud on the horizon is the depressed state of the Hong Kong stock market. All being well, the Hibernia transfer will be funded by a rights issue from FPH in February or March.

First Pacific's ambitions do not end with Hibernia. It plans to acquire an unspecified, but non-financial, company in Europe. It would also like in principle to own a Hong Kong bank.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. Further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for November 22.

Table with columns: U.S. DOLLAR, Issued, Bid, Offer, Change on day, Yield, and various bond titles like STRAIGHT, STRAIGHT, STRAIGHT.

Table with columns: U.S. DOLLAR, Issued, Bid, Offer, Change on day, Yield, and various bond titles like STRAIGHT, STRAIGHT, STRAIGHT.

World Airways names new chief

WORLD AIRWAYS has appointed Mr Brian A. Cooke president and chief executive officer and Mr Edward W. Ringo, senior vice-president, general manager operations.

Mr Willie D. Davis has been appointed to the board of MGM/UA ENTERTAINMENT CO. Mr Davis is president of All-Pro Broadcasting Inc which owns and operates radio stations in Los Angeles, Milwaukee, Houston and Seattle.

Mr Joseph F. Alibrandi, president and chief executive officer of Whitaker Corp, Los Angeles, has been elected a director of SANTA FE INDUSTRIES INC AND SANTA FE RAILWAY.

Mr H. Ozonahorn has been appointed director, computer operations and software planning, WARNER COMMUNICATIONS INC. He was director, Warner Data Services.

Mr John W. Teets, chairman of the board and chief executive officer of The Greyhound Corp of Phoenix, Arizona, has been elected a director of HERSEY FOODS CORP.

Dr Brian Federer, a chemist and nuclear scientist from the University of Oxford, has been appointed director of the Institut Max von Laue-Paul Langenmuier, a research establishment at Garching, founded jointly by the UK, France and Germany. He is on secondment to the Institut and has been there since April 1980 as an associate director.

Dr H. C. Kurt Hess will retire as vice-chairman of the board of UNION BANK OF SWITZERLAND at the next general meeting. The board is to propose Dr Gustav Toller, executive vice-president, as a new member of the board at the general meeting to be held on April 7, on the condition that the general meeting approves his appointment to designate him the new vice-chairman of the board.

Mr James R. Bulmyr has been named director of strategic planning systems for GENERAL INSTRUMENT CORP. Prior to joining General Instrument, Mr Bulmyr was a principal in Business Associates, Inc, a management consulting firm with headquarters in Boston.

Advertisement for Monolithic Memories Common Stock, 1,250,000 Shares. Lists various financial institutions like Dean Witter Reynolds Inc, Bear, Stearns & Co, etc.

Advertisement for State Bank of New South Wales, U.S. \$50,000,000. Negotiable Floating Rate Non-London Certificates of Deposit Due 1987. Lists various international banks like ARAB BANKING CORPORATION, etc.

Advertisement for State Bank of New South Wales, Trading Bank Balance Sheet as at 30 June 1982. Includes a table with assets and liabilities.

Companies and Markets

UK COMPANY NEWS

Brengreen soars 51% in first half

INTERIM RESULTS of Brengreen (Holdings), showing pre-tax profits 51 per cent higher at 1946,000, when compared with the same period last year, confirm the statement made in July by chairman Mr David Evans that the group had made a strong and encouraging start to the year.

Mr Evans says the group is advancing in all areas and that he is confident by the year end it will have achieved "record sales, record profits, record dividends and record earnings per share".

Substantial demand for the group's overseas services is continuing and the travel and leasing divisions have continued satisfactorily. Mr Davis points out that although the travel division has not escaped the effect of the fall in retail trade, he feels that the increasing business house activity will ensure a future contribution to the group.

Justifying its p/e of over 20, pre-tax profits are up by 52 per cent on a turnover increase of 18 per cent. Much of the advance came from the company's 50 per cent stake in a Middle Eastern operation which, among other ventures, has just done a new contract cleaning the new municipal palace in Baghdad.

Property Partnerships over £0.4m

For the six months ended September 30 1982 Property Partnerships, property development and investment concern, increased its pre-tax profits from £247,000 to £407,000 after higher interest charges of £37,000, compared with £10,000.

With stated earnings per 25p share rising by 0.8p to 5.5p the net interim dividend is being raised from 2.5p to 2.75p—a final of 3.1p was paid previously.

Gross rental income from investment properties expanded from £271,000 to £342,000 and the sale of hotel goods and services at invoiced value was £1.2m, against £1.03m.

United Computer in the red after six months

A slide into pre-tax losses of £14,000 has been shown by United Computer and Technology Holdings for the six months to September 30 1982 compared with previous profits of £38,000 for the 10 months to March 31 1981.

The anticipated revenue for the year as a whole is expected to show an improvement on the previous period, say the directors. The reduced level at the interim stage reflects the dates on which income is received.

The directors also expect to be able to recommend a moderate increase in the dividend—in the last full period a net payment of 0.8p was made.

Bejam aided by additional space

Mr John Apthorp, chairman of Bejam Group, told shareholders at the annual meeting that since the beginning of the current year, small volume increases were achieved in food sales from existing stores, plus a "very useful contribution" from new selling space in the September quarter, which is traditionally the quietest part of the trading year.

Appliance sales were almost 50 per cent up on the same period last year, he reported. The final outcome for the first half is always very dependent on pre-Christmas trading. Ten new branches have been or will be opened in the current half year, although five of these will not be ready until December and will not, therefore, make a significant contribution to the results for this period, said Mr Apthorp.

Authorities approve Noranda gold deal

THE CANADIAN regulatory authorities have approved the terms of the deal whereby Noranda Mines, the country's leading natural resources group, has acquired an option to earn a 50 per cent interest in gold properties held by two junior exploration companies.

Noranda has already paid its junior partners, Golden Sceptre Resources and Goliath Gold Mines, C\$750,000 (£375,000) in cash for exploration expenses, and is going ahead with the second part of the deal, which involves the subscription for new stock in the two companies.

Both shares have traded recently around the C\$4 level, and Noranda has agreed to subscribe for 600,000 Golden Sceptre shares at a price of C\$6 per share, and 400,000 Goliath at a similar price.

BOARD MEETINGS

Table listing board meetings for various companies including Birmingham Bmt, British Building and Engineering, Appliances, Capper-Nell, Erskine House Investments, Klen-E-22, Meyer International, Paglar-Hattersley, Hogarty & Ravenscroft Invest, Security Centres, Wheeler's Restaurants, and Finlays.

BURNETT RIGHTS

The £33.3m rights issue launched by Burnett and Hallamshire has been taken up as to 96.35 per cent. The balance has been sold in the market and the net proceeds of 134.5p per share will be distributed pro rata among allottees, except that no payment will be made for less than £2.

DELTA'S MEDALLION BUSINESS CLASS TO ATLANTA.



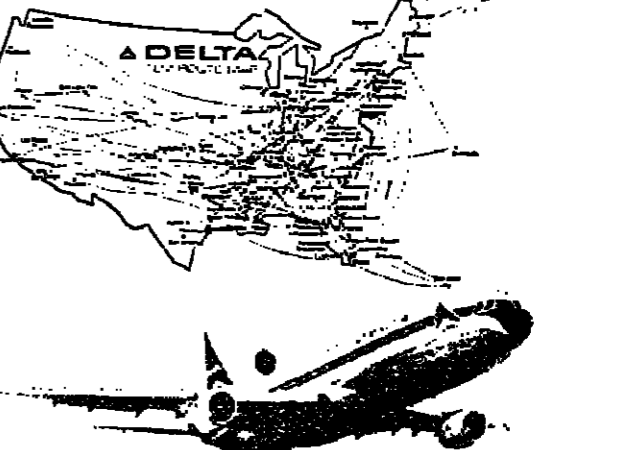
LUXURY AT A SAVING.

Medallion Business Class costs much less than First Class Fare. It's ideal for business travellers. All 2-by-2 seating for extra comfort. Your own separate seating area, too. A quiet atmosphere in which you can work or just relax. Your beverage list includes cocktails, fine wines and liquors. You get an increased baggage allowance, too. All at no extra charge.

Delta flies nonstop to Atlanta from London every day except Wednesday and Thursday. Leave mid-day at 1200. Delta also has a nonstop to Atlanta from Frankfurt every day except Tuesday and Thursday. Leave mid-day at 1145.

Great service in Economy, too. Fly at Coach or discount fare, you'll enjoy your flight. Superb cuisine. Famed personal service you can depend on.

For reservations, call your Travel Agent. Or call Delta in London on (01) 668-0835 or (01) 668-9135. Or call Delta in Frankfurt on 0611 23 30 24.



DELTA. THE AIRLINE RUN BY PROFESSIONALS.

Advertisement for Landesbank Stuttgart featuring a large image of a globe and a portrait of a man. Text includes 'Productivity in international finance.' and details about the bank's services in Germany and Europe.

MINING NEWS Anglo United's U.S. coal plan

BY KENNETH MARSTON, MINING EDITOR

A MAJOR enlargement into a U.S. open-pit coal mining venture is proposed for Canada's Anglo United Development which for many years has been known for its exploration activities in Ireland and its links with the Northgate Exploration group.

Authorities approve Noranda gold deal

THE CANADIAN regulatory authorities have approved the terms of the deal whereby Noranda Mines, the country's leading natural resources group, has acquired an option to earn a 50 per cent interest in gold properties held by two junior exploration companies.

Further subscriptions, for another 100,000 shares in each company at a price of C\$7, will be made in six months. Noranda also has options to acquire an additional 1.2m shares in each company.

中國茶葉咖啡 CHINA TEA & COFFEE

廣東經營出口的產品計有：紅茶、青茶、烏龍茶、花茶、普洱茶、餅茶、花茶、古勞茶、荔枝紅茶、玫瑰紅茶、檸檬茶、飲料茶、咖啡、各種小包裝茶葉、并專營咖啡及其製品的進出口業務。

The following kinds of products are being handled for export by us, the Guangdong Tea Branch: Black tea, green tea, scented tea, oolong tea, pu-erh tea, bang cha, tou cha, liehe black tea, rose congo, looioe tea, lemon tea, canned drinks and a variety of teas in small packages and specialized in handling the import and export business of coffee and its products.

CHINA NATIONAL NATIVE PRODUCE & ANIMAL BY-PRODUCTS IMPORT & EXPORT CORP. GUANGDONG TEA BRANCH

SANYO Tokyo Sanyo Electric Co., Ltd. OIZUMI MACHI, JAPAN

Adjustment of the Conversion Price of the 4 1/2% DM 600 000 000 Convertible Debentures 1977/1983

Frankfurt am Main November 1982

LONDON TRADED OPTIONS

November 22 Total Contracts 1,781 Calls 841 Puts 940

Table of LONDON TRADED OPTIONS with columns for Option, Ex. price, Closing offer, Vol., Closing offer, Vol., Equity Close. Includes sub-sections for November, February, and May.

Companies and Markets BIDS AND DEALS CONTRACTS

Riley leisure bids £3.68m for two keep-fit companies

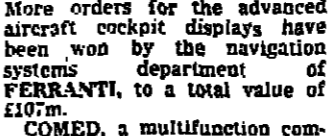
BY CHARLES BATCHELOR

Riley Leisure, the leading UK snooker ball operator and maker of snooker tables, is to make an agreed bid worth £3.68m for two keep-fit equipment companies, Powersport International and Lantier.

Welsh national weightlifter, set up Lantier in the same year. Powersport began exporting four years ago and foreign sales now account for 57 per cent of sales compared with export sales of less than 5 per cent at Riley.

Ferranti wins £107m orders

More orders for the advanced cockpit displays have been won by the navigation systems department of FERRANTI, to a total value of £107m.



McDonnell Douglas F/A18 Hornet fitted with Ferranti navigation equipment

COMED, a multifunction combined map and electronic display, is standard equipment on the McDonnell Douglas F/A18 aircraft which has been selected by the U.S. Navy and the armed forces of Canada, Australia and Spain.



Local Authorities ordered £700,000 worth of TUNSTALL TELECOM elderly persons' emergency communications equipment during October. The company's largest single order came from Birmingham where a £238,000 extension to the City's Piper Control network will provide 850 dwellings with 24-hour protection.

£3.8m orders for Miller

MILLER CONSTRUCTION, part of the Edinburgh-based Miller Group, has won four contracts worth over £3.8m. These include two contracts for Glasgow District Council: Rehabilitation of Cottar Street, Glasgow. The contract value is in excess of £600,000. Work has started and the contract period is 20 weeks.

Fosco Minsep sells drill bit maker to NL Ind.

THE SPECIALIST chemical manufacturer, Fosco Minsep, has sold its Drilling and Service Division which makes drilling bits for the oil industry for between £3m and £4m.

Anglo Nordic still well short of victory

Anglo Nordic's bitterly contested bid for Braby Leslie yesterday still stood well short of success. The revised cash element of the offer of 72p per ordinary share closed on Friday with acceptance by 36.99 per cent.

Engines order for Leyland

LEYLAND PARTS has won a £4m order from Socomac for the supply of 1,600 98 Series engines to be manufactured at the Leyland Trucks plant, Bathgate, Scotland.

Swire Pacific Limited Interim Dividends for 1982

Elections for cash dividends were received by the closing date of 12th November 1982 for the lodgment of election forms in London and in Hong Kong from the holders of 151,280,252 A shares and 509,455,060 B shares.

EUROPEAN OPTIONS EXCHANGE

Table of EUROPEAN OPTIONS EXCHANGE with columns for Series, Vol., Dec., Last, Vol., Mv., Last, Vol., Jun., Last, Stock.

BASE LENDING RATES

Table of BASE LENDING RATES with columns for Bank Name and Interest Rate.

Rand Mines Properties Limited

ABRIDGED STATEMENT BY THE CHAIRMAN. The year's results. The consolidated profit after tax and after deducting profit attributable to outside shareholders in the subsidiary companies, but before a non-trading item was R13,990,000 for the year ended 30 September 1982.

International offshoot for Fraser

House of Fraser is going to set up an international retaining bespoke carpeting for the Allied International Designers Group. The company will be known as House of Fraser (International) and will advise internationally on such services as site and design of stores, planning and buying of merchandise and staff training.

Aitken Hume

Newway Trading Company, a wholly-owned subsidiary of Aitken Hume Company, has placed 50,000 shares of Aitken Hume Holdings at 250p with certain of the proposed Middle East shareholders who have agreed to inject new equity capital into the group's banking subsidiary Aitken Hume.

Thesen & Co.

These results increased turnover but due to difficult trading conditions in line with the general decline of economic activity, margins decreased and the profit after tax and minority interest at R1.9 million was below the 1981 figure of R2.3 million. Turnover for 1982 at R25.1 million was in excess of the 1981 figure of R22.3 million.

Outlook for 1983

Real growth in profits from the property operation and Thesen's can only be expected if there is an upturn in general economic activity. The Crown Mines sand plant was operating well below rated capacity at the end of September 1982. A gradual increase in operating tempo is expected over the next three months and by the beginning of 1983 the facility should be running at full capacity.

Members of the Accounting Houses Committee. 7-day deposits 5.5%, 1-month 5.75%, 3-month 6.0%, 6-month 6.25%, 12-month 6.5%.

INSURANCES

WORLD STOCK MARKETS

Companies and Markets

NEW YORK

Table of stock prices for various companies in New York, including columns for company names, prices, and changes.

Indices

Table of stock indices for various regions including New York, London, Hong Kong, and others, with columns for index values and changes.

Dow closes sharply lower

WALL STREET stock prices, which had moved higher for several weeks in anticipation of a discount rate cut, were sharply lower today even though the Fed finally trimmed the rate it charges on loans to member banks.

The Dow Jones Industrial Average ended the day 21.25 down at 1,000.00. The index October 29. Declines outpaced gains nearly three to one as volume moderated to just under 75m shares.

AT MIDSESSION the average was off 10.40 points at 1010.85, the New York Stock Exchange all-common index was down 75 cents at 578.58.

Analysts said investors are concerned that the Federal Reserve is acting very cautiously in bringing down interest rates. The market fell after a higher opening despite the fact that the Federal Reserve on Friday cut the discount rate to 9 per cent from 9 1/4.

Michael Metz of Oppenheimer and Company, said of the discount rate cut, "people were disappointed it wasn't a full point."

Analysts also said economic statistics released in recent days have done little to encourage the belief that the U.S. economy is in a sustained recovery.

Virginia Electric, the volume leader, was up 1/4 to 51 1/4. A block of 500 shares was handled at 51 1/4 by E. F. Hutton.

Energy exchange, a new issue which has been actively traded in recent sessions, was up 1/4 at 27 1/4. Schering-Plough, which was strong last week after it disclosed with analysts its work on Elixon, was off 1/4 to 53 1/4.

THE AMERICAN SE Market Value Index receded 2.37 to 331.79 at 1 p.m. Volume 5.48m shares (\$89m).

Canada Markets in moderate early decline. The Toronto Composite Index was down 10.6 at 2,777.6 at noon, while GSE last shed 77 to 2,998.2.

Tokyo Stock prices continued to hold on their recent gains. On the recent gains, higher yesterday in active dealings. The Tokyo Composite Rate cut last Friday and the yen's further rally against the U.S. dollar.

The Nikkei-Dow Jones Average advanced 46.84 to 7,901.56, marking a rise over the past four business days of 203.26. The Average is now at its highest level for the past 10 months.

Foreign buyers remained active, with Steels, Shipbuilders and Computer Makers in demand, those attracting some demand. Hitachi rose 1/2 to 772. Nippon Steel Y17 to Y21, Toyota Motor Y15 to Y1,000 and Helwa Real Estate Y17 to Y21.

Light Electricals and Precision Instruments were mixed on caution about current high price levels.

Shares generally lost ground in an extremely active session yesterday, overshadowed by weekend statements from Chinese officials about the future of Hong Kong.

The Hang Seng index, after recovering 32.18 last Friday, reverted to the recent downward course and shed 10.74 to 2,017.4. The four exchanges amounted to only HK\$74.53m, virtually half of the Friday total of HK\$142.7m.

Brokers noted that Communist Party General Secretary Hu Yaobang cited recovery of Hong Kong as part of China's basic national policy.

The lack of any developments yesterday regarding rumours circulating last Friday was also held partly responsible for the market downturn.

Table of international stock markets including sections for CANADA, DENMARK, HOLLAND, AUSTRALIA, JAPAN, GERMANY, SWEDEN, AUSTRIA, BELGIUM/LUXEMBOURG, SINGAPORE, SOUTH AFRICA, and SWITZERLAND.

Companies and Markets

LONDON STOCK EXCHANGE

Renewed sterling weakness puts Gilt-edged stocks under pressure again and equity leaders follow

Account Dealing Dates
Option
*First Declares Last Account Dealings Nov 25 Nov 26 Dec 6 Nov 25 Dec 9 Dec 10 Dec 20 Dec 13 Dec 29 Dec 30 Jan 10

up reasonably well, but gradually succumbed to the prevailing uncertainty, which was aggravated by the flop in the British offer for sale.

Composites drifted lower, Royals making progress for similar reasons. A buy recommendation lifted Asit Nadir's Poly Peck to a new all-time peak of £14.50.

71p, made progress for similar reasons. A buy recommendation lifted Asit Nadir's Poly Peck to a new all-time peak of £14.50.

formed 8 to 23sp on buying in front of Thursday's half-year results. Cape Industries continued firmly, rising 4 fresh to 75p.

while Bulmer and Lumb, which announced disappointing interim figures last week, eased 5 to 44p.

Account Dealing Dates
Option
*First Declares Last Account Dealings Nov 25 Nov 26 Dec 6 Nov 25 Dec 9 Dec 10 Dec 20 Dec 13 Dec 29 Dec 30 Jan 10

up reasonably well, but gradually succumbed to the prevailing uncertainty, which was aggravated by the flop in the British offer for sale.

Composites drifted lower, Royals making progress for similar reasons. A buy recommendation lifted Asit Nadir's Poly Peck to a new all-time peak of £14.50.

71p, made progress for similar reasons. A buy recommendation lifted Asit Nadir's Poly Peck to a new all-time peak of £14.50.

formed 8 to 23sp on buying in front of Thursday's half-year results. Cape Industries continued firmly, rising 4 fresh to 75p.

while Bulmer and Lumb, which announced disappointing interim figures last week, eased 5 to 44p.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Govt Secs, Fixed Int., Industrial Ord, Gold Mines, etc. Includes a sub-section for HIGHS AND LOWS and S.E. ACTIVITY.

FT-ACTUARIES SHARE INDICES

Table with columns for actuaries share indices: Capital Gains, Dividends, etc. Includes a sub-section for HIGHS AND LOWS and S.E. ACTIVITY.

RECENT ISSUES

Table listing recent stock issues with columns for Issue Price, Current Price, and Stock Name.

FIXED INTEREST

Table showing fixed interest rates for various terms: 1-5 years, 5-15 years, etc.

OPTIONS

Table listing options for various stocks with columns for Deal, Declares, Settling, etc.

WORLD VALUE OF THE POUND

Table showing the world value of the pound in different currencies across various countries.

EQUITIES

Table listing equity prices for various stocks.

FIXED INTEREST STOCKS

Table listing fixed interest stocks and their prices.

"RIGHTS" OFFERS

Table listing rights offers for various companies.

ACTIVE STOCKS

Table listing active stocks and their performance.

RISES AND FALLS YESTERDAY

Table showing rises and falls in stock prices yesterday.

FRIDAY'S ACTIVE STOCKS

Table listing Friday's active stocks and their prices.

FT's yield, high and low record, base date, values and constituent changes are published in Saturday Index. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4A 3DF, price 15p, per 25p.

INSURANCES

Table of insurance companies and their financial data, including Crown Life, Prudential, and others.

INSURANCE & OVERSEAS MANAGED FUNDS

Main table of insurance and overseas managed funds, listing various fund names, managers, and performance metrics.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including details on fund structures and investment strategies.

INDUSTRIALS—Continued

Table of industrial stocks including companies like ICI, BP, and various engineering firms, with columns for stock price, high, low, and volume.

LEISURE—Continued

Table of leisure stocks including television and media companies like BBC, Granada, and Channel 4.

PROPERTY—Continued

Table of property stocks including real estate and construction companies like Bovis Lend Lease and Wimpey.

INVESTMENT TRUSTS—Cont.

Table of investment trusts such as British American, British Columbia, and various international funds.

OIL AND GAS—Continued

Table of oil and gas stocks including major energy companies like BP, Shell, and Esso.

NOMURA INTERNATIONAL LIMITED advertisement for New-Era Investment and Underwriting, listing office locations and contact information.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Rover, Jaguar, and various aircraft manufacturers.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks including titles like The Times, The Daily Telegraph, and various publishers.

PROPERTY

Table of property stocks, including real estate and construction companies.

INSURANCES

Table of insurance stocks including companies like Prudential, Sun Life, and various insurance providers.

LEISURE

Table of leisure stocks, including media and entertainment companies.

SHIPPING

Table of shipping stocks including companies like P&O, Cunard, and various shipping lines.

SOOUTH AFRICANS

Table of South African stocks including companies like Anglo American, De Beers, and various mining firms.

TOBACCO

Table of tobacco stocks including companies like British American Tobacco and various tobacco producers.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including investment trusts and financial institutions.

TEXTILES

Table of textile stocks including companies like J. H. Rayner and various textile manufacturers.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Jardines, Guthrie & Co., and various international trading firms.

TOBACCO

Table of tobacco stocks, including companies like British American Tobacco.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks, including investment trusts and financial institutions.

MINES—Continued

Table of mine stocks including companies like Anglo American, De Beers, and various mining firms.

PLANTATIONS

Table of plantation stocks including companies like Guthrie & Co. and various plantation owners.

MINES

Table of mine stocks, including companies like Anglo American and De Beers.

MINES—Continued

Table of mine stocks, including companies like Anglo American and De Beers.

MISCELLANEOUS

Table of miscellaneous stocks including various companies and financial instruments.

MISCELLANEOUS

Table of miscellaneous stocks, including various companies and financial instruments.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including companies from various regions and Ireland.

OPTIONS

Table of options contracts including call and put options for various stocks.

Recent Issues and "Rights" Page 27. This service is available to every company listed in the Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security.

CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling at 14-month low

Sterling fell to its lowest level since September 1981 on a trade-weighted basis in currency markets yesterday.

The dollar rose in late trading, underpinned by demand in New York. This was despite Friday's cut in the discount rate...

Lower interest rates and a worsening balance of payments position pushed sterling to a low of \$1.5896 against the dollar before closing at \$1.5940-1.5950.

Against the D-mark it finished at DM 4.06 from DM 4.1350 and SwFr 3.4925 from SwFr 3.5425.

The dollar rose in late trading, underpinned by demand in New York. This was despite Friday's cut in the discount rate...

Against the D-mark it finished at DM 4.06 from DM 4.1350 and SwFr 3.4925 from SwFr 3.5425.

The dollar rose in late trading, underpinned by demand in New York. This was despite Friday's cut in the discount rate...

Against the D-mark it finished at DM 4.06 from DM 4.1350 and SwFr 3.4925 from SwFr 3.5425.

FINANCIAL FUTURES

Subdued trading

Trading volumes fell in the London International Financial Futures Exchange yesterday. In the Euro-dollar sector opening prices were marked firmer...

Prices fell sharply in early gilt-edged trading, reflecting movements in the cash market which was very depressed by the performance of sterling.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates with columns for Currency, Unit, % change, and Divergence.

Changes are for ECU; therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

Table showing Currency Movements with columns for Currency, Bank of England Index, and Morgan Guaranty Index.

Based on trade-weighted changes from Washington agreement December 1971.

CURRENCY RATES

Table showing Currency Rates for various currencies including Sterling, US Dollar, and others.

LONDON

Table showing London market data for three-month Eurodollars and three-month sterling deposits.

Specialists in Financial Futures advertisement with logo and contact information.

REPUBLICQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE advertisement for tenders.

OTHER CURRENCIES

Table showing other currencies including Argentinian Peso, Brazilian Cruzeiro, and others.

THE POUND SPOT AND FORWARD

Table showing the pound spot and forward rates.

THE DOLLAR SPOT AND FORWARD

Table showing the dollar spot and forward rates.

CHICAGO

Table showing Chicago market data for various currencies.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

MONEY MARKETS

Table showing money market rates for various currencies.

CLUBS

Table listing various clubs and their details.

ART GALLERIES

Table listing various art galleries and their details.

BUILDING SOCIETY RATES

Table showing building society rates.

Dealing rates steady despite sterling

UK clearing bank base lending rate is 9 per cent (since November 5 and 8).

In the morning the authorities gave help of £27m by buying £2m bank bills in band 1 (up to 14 days maturity) at 9 per cent.

Several factors combined to make yesterday difficult to assess as various large sums moved around the banking system.

Official hands plus the take-up by the market of Treasury bills absorbed nearly £40m.

LONDON MONEY RATES

Table showing London money rates for various currencies.

INTEREST RATES

Table showing interest rates for various currencies.

NETHERLANDS

Table showing Netherlands market data.

NEW YORK

Table showing New York market data.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates.

EURO CURRENCY INTEREST RATES (Market closing rates)

Table showing Euro currency interest rates (Market closing rates).

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates.

MONEY RATES

Table showing money rates for various currencies.

CERTIFICATES OF DEPOSIT

Table showing certificates of deposit rates.

LONG TERM EURO \$

Table showing long term Euro \$ rates.

SDR LINKED DEPOSITS

Table showing SDR linked deposits.

JAPAN

Table showing Japan market data.

SWITZERLAND

Table showing Switzerland market data.

ECU LINKED DEPOSITS

Table showing ECU linked deposits.

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

Table showing international and British editorial and advertisement offices.

FINANCIAL TIMES PUBLISHED IN LONDON & FRANKFURT

Table showing financial times publication details.

COMPANY NOTICES advertisement including RAND MINES PROPERTIES LIMITED.

ART GALLERIES advertisement listing various galleries.

CLUBS advertisement listing various clubs.

BUILDING SOCIETY RATES advertisement.

EDUCATIONAL advertisement for Schiller International University.

THE NATIONAL BANK OF AUSTRALASIA LIMITED advertisement.

LACANA MINING CORPORATION advertisement.

TRAVEL advertisement for Sun Shines.

PERSONAL advertisement for roof for art collection.

ROYAL CANADIAN MOUNTED POLICE advertisement.

EUROPEAN TRUST advertisement.

FINANCIAL TIMES SURVEY

CONTENTS

ECONOMICS

Overview: progress continues but problems remain II
Population: the battle to hold down numbers II
Agriculture: The lot of the farmer improves IV
Special economic zones: red tape cut to lure investors IV

TRADE & INVESTMENT

Foreign investment laws: uphill battle to clear up confusion IV
Trade and foreign investment: signs of better times ahead for businessmen VII
The U.S. presence: the real thing makes a dent VII

POLITICS & POLICIES

Domestic: Deng held back by conflicting forces III
Foreign policy: search for a new balance III
Hong Kong: difficult path ahead but China and UK aim to avoid controversy IV

INDUSTRY & ENERGY

Industrial development: ambitious target is achievable but it will be a struggle VIII
Oil: tough talks ahead on offshore contracts VIII
Hydro power: assault on untapped potential VIII
Coal: bright future ahead IX
Nuclear energy: aiming for a home grown reactor IX

PERSONAL PORTRAITS

Profiles of: Xu Banfei general manager of Shanghai Investment Trust Corporation; Wei Yuning, a vice-minister of trade; Zhao Shengchen, vice president of the National Offshore Oil Corporation; and Kong Xun, head of the Coal Development Corporation VI

CHINA OBSERVED

A correspondent looks back at Tony Walker on three years as the FT's man in Peking XIII
Thirst for knowledge: Alain Cass, Asia Editor, on an increasingly inquisitive nation X

Design and editorial production of this survey: Mike Smith
Pictures: Hugh Roulledge

China

After a period of upheaval China today seems set on a more stable course. Deng and his supporters seem to know what they want both politically and economically. Whether or not they can achieve their aim it is still too early to say
Steering steadily onward

BY ALAIN CASS, Asia Editor

IMAGINE a huge liner packed to the gunnels with people, steering a careful course through uncharted waters spiked with reefs and submerged wrecks. On the bridge the skipper, a tiny figure, cigarette in hand, delivers his orders to a motley crew in a quiet, steady voice.

The skipper knows he can trust his immediate lieutenants to faithfully carry out his orders. But he is not so sure of others among his senior officers any more than he can be certain that the engine room, the beating heart of his ship, will respond to his commands. A petty is a constant preoccupation. Smouldering resentment, even mutiny, is a permanent worry. Meanwhile rocks loom ahead. Disaster is never far away.

One sometimes wonders whether Deng Xiaoping, skipper of China's great, lumbering ship of state, ever sleeps. He seems to have been more or less permanently on watch since his rehabilitation in 1977 and the beginning of his campaign to wrest the levers of power a year later.

Under his steady hand the ship has managed, just, to steer clear of disaster.

Mao Tse-tung, the Great Helmsman himself, would have envied Deng's feat of seamanship though he would no doubt have bitterly resented the course which his successor has set and the fact that his most cherished ideals are going overboard.

Broadly speaking China today seems firmly set on that course. An economy heavily weighted towards raising living standards, rather than the Maoist goals of heavy industry, collectivisation and defence. An open-door policy to foreign influence to an extent inconceivable 10 years ago and a frontal assault on a bureaucracy and a discredited Communist Party, weakened by corruption, nepotism and senility.

Realignment

In the foreign policy field a potentially far-reaching realignment in China's relations between the U.S. and the Soviet Union is under way.

It has not been easy. The passage so far has been rough and the forecast must be for more choppy waters ahead. The 12th Party Congress in September was by no means the clean sweep forecast for Deng.

His hold over the key decision-making bodies is certainly firmer. The old campaigner has cleverly manipulated the power system — China's old boy network and the key to power — to his continued advantage. He has consigned some old enemies to oblivion and promoted a few more of his own proteges. They, in turn, appoint their own men thus spreading Deng's influence.

But others are stubbornly hanging on, a sign not only that Deng is far from being omnipotent but also that his opponents are still able to draw considerable support from a vast reservoir of opposition to the new policies and the new men.

Totalitarian and repressive it may be, but the Chinese version of Communism operates a democracy of sorts, not for the masses but for the millions of officials charged with carrying out the party line.

Their views percolate upwards right from village level to the leadership through a complex and overlapping system of allegiances. The struggle for power in China is more than just Deng versus the left. It involves a mass of conflicting interests and needs at every level of society. This two-way process means that Deng

must conciliate and out-maneuvre rather than dictate as he painstakingly builds his grand coalition.

Some of the leadership's new policies also indicate that he has had to compromise in order to get his men into place and preserve the most important elements of his programme. The slight tilt back towards heavy industry is one example.

At the very pinnacle of power — the Standing Committee of the ruling Politburo — Deng's conspicuous inability to shift diehards like Ye Jianying, China's 85-year-old head of state, and Li Xinnian, at 77 one of the great survivors of the years of turmoil, inevitably cramps his style.

At another level Deng has been unable to rid himself completely of Hu Guofeng, Mao's standard-bearer and, until recently, party chairman. Hua, demoted from the Politburo to the Central Committee, is a reminder of just how far Deng has moved China since Mao's death in 1976 and the coup against the Gang of Four, but also of how much further he still has to go.

Since the Congress, Deng has joined battle with diehards in the army where opposition to the deification of China is perhaps greatest. Old men



Setting a good example. Workers in the Ministry of Trade demonstrate their own commitment to improved efficiency with a programme of morning exercises

whose mutual loyalties were forged on the Long March and for whom Mao's robust brand of Leninism represented an uncomplicated route to power feel that their cherished ideology is being sold down the river and they with it.

The army is not the only Maoist redoubt from which Deng's opponents snipe at his economic, social and educational policies. Deng also has to contend with opposition within the government where a more subtle form of sabotage, a sort of bureaucratic go-slow, conspires to delay the implementation of key reforms.

Deng has dealt with this problem by encouraging his two chief lieutenants, Party General-Secretary Hu Yaobang and Prime Minister Zhao Ziyang, to spring-clean the bureaucracy and the party.

More fundamentally Deng is launching a three-year campaign to purge the Communist Party of unreliable. This process, in which every one of China's 39m party members is likely to have his or her credentials scrutinised, is of far-reaching importance. It is also, typically for Deng, a high-risk policy since it threatens the one thing most cherished by a Chinese official: position and therefore an identity which sets him apart from

the herd giving him access to privilege.

Still, it needs to be done because the party has lost its way in the post-Mao years and the search for a new role is urgent. Moral is low and the crusading spirit which genuinely inspired a whole generation of Chinese who can still remember mass starvation before Communism, is gone, dissipated by two decades of fighting.

Materialist forces

There is also the risk that the materialist forces which Deng has unleashed in an effort to get the economy moving could get out of control and undermine the authority of the party itself. One example is the way in which people in the countryside are flouting the one child family policy. More hands on the farm means more profits and the financial penalties of disobeying the party are no longer a sufficient deterrent. It requires a constant balancing act between initiative and control.

Despite all this, progress has been made in the past few years. Isolated pockets of the Chinese economy are becoming more efficient. Financial management is more prudent. The critical problem of the energy shortage is being tackled. A new, more realistic, more open-minded approach is noticeable among a greater number of middle-ranking officials.

Although the presentation of China's targets for the next 20 years—a quadrupling of production—smacks of the disastrous Great Leap Forward mentality the assumed annual growth rate of around 7.2 per cent is not entirely improbable.

There has been no retreat on privatisation, on the dismantling of the stifling collective system or on the crucial need for foreign technology and cooperation.

Whether Deng is able to hold his course depends largely on how long he lives and how much he can achieve in that time. His proteges are patently unable, as yet, to take over. They still have no independent power base.

The best hope for stability lies in the steady spread of a better standard of living and with it the message that you do not have to be a poor communist to be a good communist.

公金厦 (Metallgesellschaft logo)

Metallgesellschaft

Metallgesellschaft. A leading producer of ores and metals, a vast international marketing organization, a leading engineering and construction concern.

We specialize in making sure that metals are available all over the world, whenever and wherever they are needed.

Business partners around the globe can also rely on Metallgesellschaft for industrial raw materials and process technology.



Metallgesellschaft. Your reliable, long-term partner.

For information contact: Metallgesellschaft AG, Reuterweg 14, P.O. Box 3724, D-6000 Frankfurt am Main 1. The Ore & Chemical Corporation, 605, Third Avenue, New York, N.Y. 10158. Kamsky Associates, Inc., Peking, Hotel 6025, Beijing/China. Tel. 66 48 03, Telex 22 584 kisco cn (kaml)



Interested in Doing Business in China? Contact Us Now!

PRINCIPAL IMPORT & EXPORT ITEMS

Petroleum and Petroleum Products, Fertilizers, Chemicals, Agricultural Chemicals, Pharmaceuticals, Pharmaceutical Preparations, Reagent Chemicals, Medical Instruments and supplies, Rubber and Rubber Products, Paints, Printing Inks, Dyestuffs, Pigments, Colours.

CHINA NATIONAL CHEMICALS IMPORT & EXPORT CORPORATION

Erigou, Xijiao, Beijing, China Cables: SINOCEM Beijing Telex: 22243 CHEMI CN

BRANCHES

Table listing various branches of SINOCEM with their addresses and contact information. Includes Dalian, Beijing, Tianjin, Hebei, Shandong, Jiangsu, Shanghai, Zhejiang, Fujian, Guangdong, Yunnan, Sichuan, Hunan, Hubei, Henan, Jiangxi, Heilongjiang, Jilin, Gansu, Xinjiang, Guizhou, Hongkong, and Macao agents.

CHINA IV

Authorities face uphill task to clear up confusion

IT SEEMS highly unlikely that certainty in relations between foreigners and Chinese on questions of trade and investment can grow appreciably in the near future.

FOREIGN INVESTMENT LAWS

STANLEY LURMAN

In the bureaucratic realm, neither new laws nor the administrative measures of Peking can satisfactorily restrain the vigour with which certain provinces and localities exercise the considerable autonomy in foreign trade affairs which they were granted several years ago.

suade the International Trade Commission to recommend that the president impose quotas, high tariffs, or both.

However, the basic problem, according to some traders and knowledgeable Chinese officials, is that although China's export prices for the produce are supposedly fixed in Peking, several provinces with special autonomy, such as Fujian and Guangdong have devised creative means for evading the capital's control by varying the terms of sale.

Peking authorities have been unable to restrain the recalcitrant provinces, which are keen on earning foreign exchange.

More generally, although the Ministry of Foreign Economic Relations and Trade is trying to recentralise the trade apparatus, tugging and pulling is likely to continue.

A second problem, changing policies, continues to affect arrangements made by foreign investors who relied on laws and policies which were in effect when they signed their contracts.

Hitachi, of Japan for instance, several years ago established a widely-publicised joint venture for the manufacture of television sets in Fujian Province. The venture was notable when the contract was signed because the parties agreed that large quantities of the sets produced by the joint venture factory were to be sold in the domestic Chinese market.

Hitachi has recently been informed that, under new laws and policies, the only domestic market now available is limited to the province of Fujian and that sales elsewhere in China are no longer possible.

In addition Hitachi has been told to reduce production, export more than previously agreed and increase purchase of locally-sourced components.

Policy changes may be in the offing in the special economic zones in Guangdong. Articles in the Chinese press describing the achievements of the zones and their success in attracting foreign investment have taken on a noticeably defensive tone.

The seriousness of these problems, and the possibility that control will be tightened, is suggested by the fact that the Peking leadership has recently created a "special office" in charge of the special economic zones in China's state council.

Clearly the free-wheeling zones are being closely watched. Policy interacts with legal problems in the petroleum area. The companies bidding to explore for oil in China's offshore areas will probably meet considerable difficulties created by the understandable Chinese desire that they purchase goods and services of Chinese origin.

The campaign against economic crimes has been especially acute in Guangdong, where contact with Hong Kong and other foreign sources of expertise and capital has also led to bribery, other forms of economic corruption and the unwilling importation of the "spiritual opium" of decadent bourgeois values.

China's National Offshore Oil Corporation, CNOOC, has tried to meet common needs by creating joint ventures with experienced foreign firms to manufacture needed products such as supply boats and offshore platforms in China.

Chinese authorities emphasise that they are working hard to develop the legal rules needed to guide foreign investors and to guide Chinese officials, especially in matters related to petroleum. But the task of defining standards of conduct in theory is easier than applying them consistently in practice.

For example, China is concerned about problems caused by environmental pollution but it has not yet developed consistently enforced pollution standards which the oil companies can understand.

CNOOC is correct in principle when it insists that the oil companies must obey Chinese law while they are engaged in activities in China. But the environmental area (recently further complicated by promulgation of a new maritime environmental protection law) only illustrates a larger problem. How can foreigners know which Chinese laws, of the many thousands promulgated since 1949, some of which are secret, they must obey?

When questions of interpretation are raised, as they are frequently in connection with recently-issued tax laws, Chinese agencies, such as the Ministry of Finance, have not been able to respond quickly enough.

Sometimes foreign observers have the distinct feeling that

however widely the web of rules is woven, Chinese and Western conceptions of the function of the rules will remain different for a long time.

Chinese officials and legal scholars with whom these problems are discussed often seem to regard the admittedly formidable task of drafting and promulgating new laws as much more than only an initial step in creating meaningful rules with nationwide application.

Such confidence seems to underlie the oft-repeated assurance that Chinese laws will protect foreign investors. The laws on their face, value echo that aim, but necessarily leave much to interpretation. At the same time, the content of law as a rule is one that has not yet achieved widespread recognition in China.

Stanley Lurman is a San Francisco lawyer who travels frequently to China. He is currently Visiting Professor at the Harvard Law School.

Difficult path ahead but Peking and London aim to avoid controversy Tidying up a relic of history

HONG KONG

ALAIN CASS

"THE TROUBLE with you British," said a well-placed Chinese official in Peking, "is that you think that you're the only ones who can run Hong Kong."

The remark, made shortly after the visit to China by Mrs Margaret Thatcher, the British Prime Minister, is illuminating for two reasons. First, it is clearly a possible forecast of things to come. Second, its somewhat defensive tone underlines the sensitivity of Chinese officials towards not only this issue but all those which, as they see it, touch on China's national pride.

its precious foreign exchange earnings from Hong Kong and, as the effects of Deng Xiaoping's open-door policy begin to bite, the need for more foreign technology increases the demand for hard currency.

China's reaction to remarks made by Mrs Thatcher after her talks in Peking, in which she defended the validity of these

leases, suggest that not only is this conviction deeply held by the country's ageing leadership but that Hong Kong has emerged as a sensitive and possibly controversial issue in the continuing struggle between Deng Xiaoping and his opponents.

China's reaction to remarks made by Mrs Thatcher after her talks in Peking, in which she defended the validity of these

to the formation of what some officials called a joint-venture company between China and Britain to run Hong Kong are being canvassed.

Various ideas ranging from joint management of the colony



Kader's toy factory in the Shenzhen Special Economic Zone, now one of China's most efficient production lines. Kader moved from Kowloon to get the benefit of lower wages and site costs

Ideological qualms begin to surface Red tape and taxes cut to lure investors

SPECIAL ECONOMIC ZONES

ROBERT COTTRELL

CHINA established its four special economic zones in 1979-80 as a preferred bridge-head for inward foreign investment in the manufacturing and processing industries. All are in the south of the country: Three—Shenzhen, Shantou and Zhuhai—are in Guangdong Province; the fourth, Xiamen, is in neighbouring Fujian.

The rationale behind the choice of zones lies in their close connections with overseas Chinese investors. Shenzhen is just over the border from Hong Kong, about 100 miles from Macao, Shantou (also known as Swatow), and Xiamen (Amoy) are both historic centres for the emigration of Chinese families to Hong Kong, Singapore and Malaysia.

Holdings, has signed a letter of intent for a HK\$2.4bn highway link between Hong Kong and Guangzhou (Canton). Hong Kong capital is involved in the construction of some 60 high-rise buildings in the zone.

Shenzhen SEZ covers 48 sq kms north of Hong Kong. Its master plan calls for 45 per cent of its area to be devoted to industry, 17 per cent to residential, 5 per cent to scientific research and the balance to recreational and transport facilities.

Our 150 years of trading with China translates into your best way to learn the market.



Jardines, Matheson & Co., Ltd. Head Office: Connaught Centre, Hong Kong. China Trading Division: World Trade Centre, Hong Kong. Telephone: 5-790911. Telex: 73406 JMWTC.

一百五十年来,怡和集团在中国发展商品贸易. This year, Jardines celebrates 150 years of China trade. 易及提供服务,从不间断. Today, we are well known to the Ministries, national and provincial corporations and financial institutions of the People's Republic. And the list of goods and services in which we trade is truly immense.

CHINA 1983 STUDY TOURS. 17-22 days from £1000. Study China Travel Ltd. Rose Crescent, Cambridge CB2 3RQ. Tel: 0223 311113.

TIANJIN Welcomes trading partners from the United Kingdom

Quality Chinese products from Tianjin, enquiries invited

"GOLD CUP" LEATHER BALL WON FOR THEM A WORLD-WIDE REPUTATION

"GOLD CUP" leather balls have various kinds of football, basketball, volleyball, handball, water polo ball, rugby & punching ball.

Orders are welcome.

"GOLD CUP" football & basketball are approved by Federation Internationale de Basketball Amateur and Federation Internationale des Football Associations for us in world championship.



CHINA NATIONAL LIGHT INDUSTRIAL PRODUCTS
TIANJIN STATIONERY & SPORTING GOODS BRANCH
Address: 172, Lianli & Road, Tianjin, China
Cable Address: "STASPORT" Tianjin
Telex number: 2324 TJSC CN

Malleable iron pipe fittings, globe valves and gate valves 1, wire and nails 2, welding electrodes 3, refractory materials and products 4, asbestos and asbestos products 5 ... some typical offers to world trade interests from *

1. Strong, durable, pressure-tight & Accuracy guaranteed - Easy to fit & Available in 1/4, 3/8, 1/2, 3/4, 1, 1 1/4, 1 1/2, 2, 2 1/2, 3, 4, 6, 8, 10, 12, 14, 16, 18, 20, 24, 30, 36, 42, 48, 60, 72, 84, 96, 108, 120, 144, 168, 192, 216, 240, 270, 300, 360, 420, 480, 540, 600, 660, 720, 780, 840, 900, 960, 1020, 1080, 1140, 1200, 1260, 1320, 1380, 1440, 1500, 1560, 1620, 1680, 1740, 1800, 1860, 1920, 1980, 2040, 2100, 2160, 2220, 2280, 2340, 2400, 2460, 2520, 2580, 2640, 2700, 2760, 2820, 2880, 2940, 3000, 3060, 3120, 3180, 3240, 3300, 3360, 3420, 3480, 3540, 3600, 3660, 3720, 3780, 3840, 3900, 3960, 4020, 4080, 4140, 4200, 4260, 4320, 4380, 4440, 4500, 4560, 4620, 4680, 4740, 4800, 4860, 4920, 4980, 5040, 5100, 5160, 5220, 5280, 5340, 5400, 5460, 5520, 5580, 5640, 5700, 5760, 5820, 5880, 5940, 6000, 6060, 6120, 6180, 6240, 6300, 6360, 6420, 6480, 6540, 6600, 6660, 6720, 6780, 6840, 6900, 6960, 7020, 7080, 7140, 7200, 7260, 7320, 7380, 7440, 7500, 7560, 7620, 7680, 7740, 7800, 7860, 7920, 7980, 8040, 8100, 8160, 8220, 8280, 8340, 8400, 8460, 8520, 8580, 8640, 8700, 8760, 8820, 8880, 8940, 9000, 9060, 9120, 9180, 9240, 9300, 9360, 9420, 9480, 9540, 9600, 9660, 9720, 9780, 9840, 9900, 9960, 10000.
2. Made in all sizes & Galvanized iron wire, nail wire, black annealed iron wire and galvanizing bars iron wire in all gauges & "Golden Cup" galvanized welded wire mesh - good weldability, even mesh, flat surface, bright finish.
3. Transon type, superior quality & Stable arc & Good weldability & Suitable for welding on steels, alloys, cast irons, stainless steels, copper, brass, aluminum, etc. For use on AC and DC supplies.
4. Fire bricks & Fire clay & Acid-resistant bricks & Gypsum bricks for metal smelting & Fire clay crucibles for glass smelting, etc. & High-grade materials for long life.
5. Manufactured from top quality chrysotile and used for insulating, thermal insulation, heat preservation, electrical insulation, acid and alkali resistance & Products include woven asbestos mat, braided asbestos round and square packing, asbestos rope lagging, asbestos cloth, gloves and mittens, lubricated and/or graphitized asbestos matrix products, asbestos/rubber joints.

* CHINA NATIONAL METALS & MINERALS IMPORT & EXPORT CORPORATION
TIANJIN BRANCH
319, Ho Ping Road, Tianjin, China.
Cable: MINMETALS TIANJIN.
Telex: 23224 TJMET CN.

"SHEEP" BRAND HIGH CLASS WOOLLEN BLANKET



Excellent Material
Soft to the touch
Harmonious Colour
Fluffy Texture
Specifications: 70 X 90"
60 X 90"
60 X 80

China National Textile Import & Export Corporation
Tianjin Garments Branch
Address: 14 Dagu Road, Tianjin, China
Cable Address: "Garments" Tianjin
Telex: 23153 TJGAR CN



天津市廣告公司

Introduction: Tianjin Advertising Corporation

TIANJIN is one of three centrally-governed Municipalities in China, a gateway to the capital, Beijing, the seaport for North & Northern-West China provinces and an import/export centre with a population of 7,000,000. TIANJIN ADVERTISING CORPORATION is a subsidiary of the Tianjin Foreign Trade Corporation and is responsible for the advertising of Tianjin export commodities in the foreign media and welcome all clients the world over to advertise in China.

The Tianjin publicity media include newspapers, magazines, radio, television, cinemas, billboards, showwindows, neon lights etc.

We also extend a warm welcome to overseas businesses wanting to hire the exhibition ground to show their commodities in Tianjin or to hire the technical transaction site on behalf of our clients.

Reasonable prices, moderate rates, simple procedure and smooth service have always been the characteristics of the management of Tianjin Advertising Corporation. All clients worldwide are cordially invited to contact us.

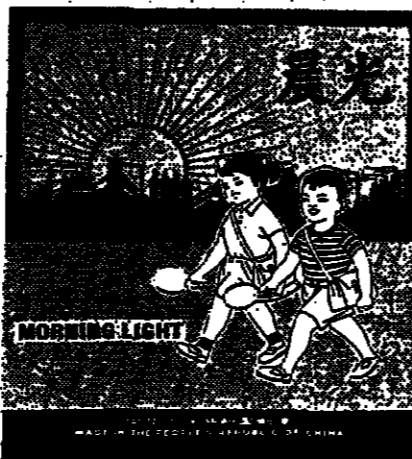
TIANJIN ADVERTISING CORPORATION
Address: 57, Hu Bei Road, Tianjin, China
Cable: TJAC TIANJIN
Telex: 23257 TIFIC CN

MORNING LIGHT BRAND

especially narrow pin-weaved Corduroy made of excellent cotton yarn and dyed with superb dyestuffs. It is of "w" weave, durable, dense & clear stripes, (24 stripes per inch). Its colour is bright with various shades, fast colouration, admirable for tailoring high-class men & women shirts and children wears.

Specification: 32X40 (count) TK (combing)
63X190 (dense per inch)
35/6" (width) X 30 yards (length)

Reasonable Price Prompt Delivery
Orders or processing with supplied materials or assigned colour are welcome.



Exporter: China National Textiles Imp. & Exp. Corp. Tianjin Branch.
Address: 76 Dai Road, Tianjin
Cable: CHINATEX TIANJIN
Telex: 23151 TITEX CN

GARDEN TOOLS



For Home & Villa Gardening
Selected materials
New design
Long lasting
Competitive price



We also supply orchard tools, agricultural hand tools and camping tools, etc.
Orders are Welcome.
Write us for catalogue.

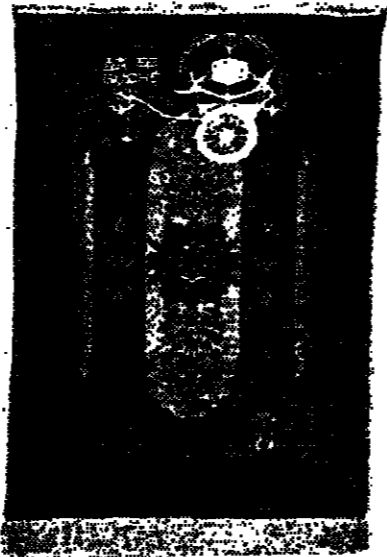
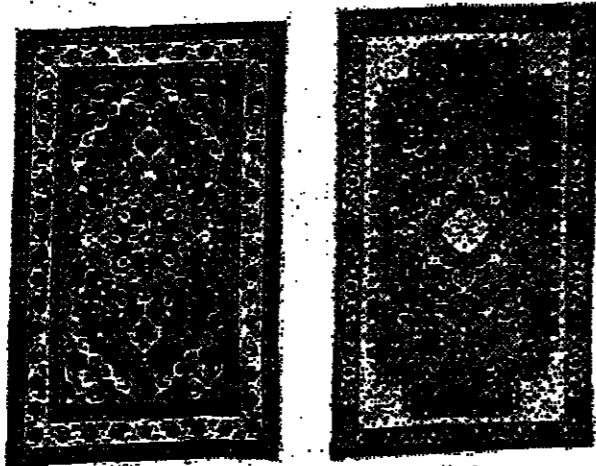
CHINA NATIONAL MACHINERY IMPORT & EXPORT CORPORATION
TIANJIN BRANCH
14, Zhangde Road, Tianjin, China.
Cable Address: "MACHIMPEX" Tianjin
Telex: 23152 TJMAC CN

Tianjin "Gucho" Brand pure silk carpets

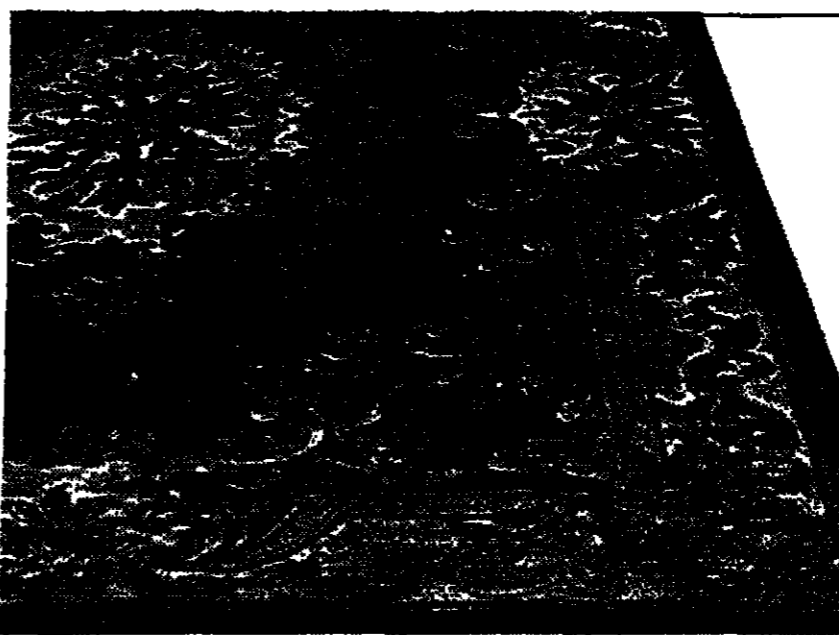
Tianjin "Gucho" silk carpets are hand-knotted from specially selected pure silk. Well-known for its excellent craftsmanship, exquisite design and durability.

A wide variety of designs include: Persian, Oriental, Ethnic and Beijing design etc.

Orders are welcome.



China National Arts & Crafts Import & Export Corporation, Tianjin Branch
Address: 135, Tang Shan Dao, Tianjin, China
Cable Address: SILAC TIANJIN
Telex: 23143 TJART CN



Tianjin Junco Brand Hand Knotted Woolen Carpets are the only Chinese carpets awarded with the national gold medal of honour! Their excellent artistic and practical value has won for them a world-wide admiration.

China National Produce & Animal By-Products Imp. & Exp. Corp.
Tianjin Carpets Branch
Address: 43, Baoding Street, Tianjin
Cable Address: "JUNCOCARPET" Tianjin
TELEX: 23234 TJCAR CN

CHINA VI

Financial Times reporters profile three leading industrialists and a senior official of the Ministry of Trade

XU BANFEI: GENERAL MANAGER OF SITCO

An improbable official



Xu Banfei: likeable combination of academic and statesman

XU BANFEI is a most improbable Chinese official. He talks freely about "inertia in government," about "selling ideas," about "solving problems."

"It's a new time for business and for building on a bare piece of land. It will take time, to make contacts, build up our expertise. We know we can't dictate to people. We have to accustom ourselves to western ways."



Wei Yuming: his approach impresses foreign businessmen

WEI YUMING: A VICE MINISTER OF TRADE

Flexibility wins friends

EARLY THIS year, China created a new "super" trade ministry as part of its reform of the bureaucracy. The new ministry under Madam Chen Muhua incorporated the old Ministry of Foreign Trade, the Ministry of Economic Relations, the State Administrative Commission on Import and Export Affairs and the state Foreign Investment Commission.

Under Madam Chen, the highest ranking woman in China's state apparatus, a number of vice ministers were appointed to take care of important segments of the new trade ministry's business.

Wei held official posts in the Chinese Government in Peking during the Cultural Revolution but disappeared on occasions, first in 1971 and then in 1974. This suggests that things did not go smoothly for him during the years of turbulence.

Tony Walker

BNP Group advertisement. Includes logo, text: 'Banque Nationale de Paris, first bank in France, with 2,000 branches, second largest bank* in the world, has an international network extending over seventy-seven countries.' Lists offices in Paris, Hong Kong, Macau, Taiwan, and various representative offices.

ZHAO SHENGZHEN: VICE PRESIDENT OF CNOOC. Section-Header: 'One of the new Chinese'. Text: 'ZHAO SHENGZHEN, the urban Vice President of the China National Offshore Oil Corporation, speaks better English than his interpreter. He still prefers to use him, though, ostensibly to allow his staff to follow the discussion but more likely because the translation thus gives him a few moments to think out his reply to our questions.'

KONG XUN: HEAD OF THE COAL DEVELOPMENT CORPORATION. Section-Header: 'Call me Mister Coal'. Text: 'KONG XUN is an old revolutionary with a difference. This probably explains how he has survived into the era of the pragmatic Deng Xiaoping to be head of China's crucial National Coal Development Corporation and deputy chairman of the China Southwest Energy Development project.'

DALIAN INSTITUTE OF TECHNOLOGY. Section-Header: 'Teaching factory bosses to think'. Text: 'In late 1978, China began an experiment in teaching a new language of management in their three to six months at the school. They are being taught Western concepts about supply and demand, opportunity, competition, cost, and encouraging product of the new China, intelligent and capable.'

HAND TOOLS THAT REALLY WORK FOR YOU. Advertisement for China National Machinery Import and Export Corporation Beijing Branch. Lists various tools like hammers, wrenches, pliers, etc. and provides contact information.

CHINA NATIONAL METALS & MINERALS IMPORT & EXPORT CORP BEIJING BRANCH. Advertisement listing export commodities like iron wire, cast iron products, aluminum products, etc. and contact information.

HSINGHAI BRAND. Advertisement for clarinets and trumpets. Text: 'CLARINETS come in Bb, Be and A keys with 17, 19 and 21 valves respectively. Expertly made and tested with advanced electronic equipment, they have excellent sound, sensitive valves and provide for a wide compass - soprano, alto and bass.'

CHINA NATIONAL LIGHT INDUSTRIAL PRODUCTS IMPORT & EXPORT CORPORATION BEIJING BRANCH. Advertisement listing various light industrial products and contact information.

CHINA VII

The country's decision to give more scope to export-orientated industries is paying off

Signs of better times ahead for businessmen

TRADE AND FOREIGN INVESTMENT

DOING BUSINESS in China continues to be a test of ingenuity, negotiating skills and most of all, patience.

The Chinese trade performance this year will be quoted as a U.S.\$2bn trade surplus and its foreign exchange position strengthened markedly in the third quarter of this year.

China's period of re-adjustment instituted in 1979 and strengthened in 1980 appears to have achieved some of its objectives.

Politically, the recent 12th communist party congress showed that the moderates in the leadership have gained an endorsement for the "open-door" policy, but not all senior Chinese officials are enthusiastic.

Stumbling block

A stumbling block over the past few years in the way of many business deals was China's refusal to utilise commercial loans available to it.

Wei Yuming, a vice-minister of foreign economic and trade and the man responsible for the implementation of the policy aimed at attracting foreign investment, made it clear in a recent interview that China is not about to make much use of commercial funds.

Table with columns: TRADE BY PRODUCT, 1980, 1981. Rows include Imports and Exports for Manufactured goods, Primary products, and Textile industries.

Source: China's State Statistical Bureau.

sixth five-year plan (1981-1985) on foreign purchases, but most of this money would come from governmental and semi-governmental sources.

Foreign banks are critical of what they consider to be China's short-sighted policy on the utilisation of commercial funds.

\$20bn and \$40bn to develop its coal and offshore oil deposits.

To date, the level of direct investment in China has been disappointing. While there has been a lot of talk there has not been all that much action.

China's foreign investment drive. The Chinese appear to have been relatively unsuccessful in their efforts to attract investment in joint equity ventures.

Businessmen are saying that there has been a decrease in enthusiasm for joint equity ventures (as opposed to co-production agreements) because of tax and labour difficulties likely to

be encountered. With the evolution of China's economic law, the climate for joint ventures should improve.

The most popular forms of investment in China are co-production, compensation and processing deals. Many of these are very small, but cumulatively they have given a significant boost to China's foreign trade.

There are those in the foreign business community in Peking who are optimistic about an increase in activity. "I think things are moving at a rather good pace," says Jerome Cohen of the New York law firm, Paul, Weiss, Rifkind, Wharton and Garrison.

Cohen says that negotiations are getting easier as Chinese officials become more experienced in the ways of foreign business.

Cohen cites as promising indications of a pick-up in economic activity as far as foreign business is concerned, agreements now being negotiated for off-shore oil exploration and for ventures associated with the exploration programme.

TRADE BY COUNTRY 1981 U.S. \$m

Table with columns: (U.S.\$m), Months covered, China's export, China's import. Rows list countries like Australia, Austria, Belgium/Luxembourg, Canada, Denmark, Finland, France, West Germany, Greece, Iceland, Ireland, Italy, Japan, Netherlands, Norway, Portugal, Spain, Switzerland, Turkey, UK, U.S., Yugoslavia.

Source: Official statistics.

There is also movement for foreign companies in the exploitation of China's coal reserves. Occidental, for example, is involved in a feasibility study of a deposit at Pinghuo in Shanxi Province, several hundred kilometres west of Peking, and a consortium of four European countries is exploring the possibility of a huge compensation coal deal in China's south west.

China has also announced it has decided in principle to go ahead with the construction of a nuclear power plant in Guangdong province in partnership with the Hong Kong Power Utility, China Light and Power.

It is 1978 China embarked on a number of grandiose projects such as the Baoshan steelworks on fringes of Shanghai which were beyond the capacity of the economy to absorb. When the Chinese realised their mistake they overreacted by cancelling a series of contracts for Baoshan and other projects, most of which have since been reinstated.

It's the real thing—America makes mark

THE U.S. PRESENCE

AMERICAN COMPANIES have made a big impact on the trading scene in the wake of China's opening policy.

Backed by decades of cultural links and a strong desire by the U.S. administration to use business as a bridgehead with which to draw China into a closer political relationship, American companies have made sustained efforts to establish themselves.

So much so that, in its own small way, American culture is beginning to dent the Chinese way of life.

Coca-Cola—manufactured in China—is consumed in vast quantities by those who can afford it, and in the fall of 1980 the symbol of American fad and fashion, Nike sneakers, also started running after China.

Mr David Chang, vice-president with Nike at its headquarters in Beaverton, Oregon, said that Nike has ambitious plans for the group's Chinese activities.

Mr Chang said that the most important factor was language. He said that while someone more familiar with the culture might have a better understanding of Chinese values and form, it was knowing the language which made the greatest difference.

One of the problems with manufacturing in China, according to Mr Chang, is that a company is "subject to the whims of the government how much of its raw materials it can ship to make its product. For example, if they aren't importing enough rubber we can't make our shoes."

Incentive can be a problem. In a socialist state a worker is paid the same, however, hard he works. It's difficult to know how to motivate him.

the labour force is made up almost entirely of nationals. This, says Mr Chang, creates a problem with incentive since an American manager cannot fully understand what motivates a worker with an entirely different set of values and expectations.

"An American worker can be motivated by the promise of more money. You can say that he'll get twice as much money. But in a socialist state the worker gets the same wages no matter how much he produces so it's very difficult to know how to motivate him.

What are we going to do, put more rice in their bowls?"

When the Communists took over China they promised that every citizen would be guaranteed "a bowl of rice" no matter what his position.

According to the National Council for U.S.-China Trade, this is known as the "Iron Rice Bowl Syndrome" and guarantees that the "bowl of rice will never be broken."

One idea the Chinese are exploring would be to set up a new television set for the employee recreation room. This system has come under attack, however, because it ends up rewarding even those who don't do their share of the work load.

Mr Chang said that "China is the first socialist country we've done business with. We've got to learn a whole different set of rules to play the game."

Another company taking the plunge in China is Atlantic Richfield which hopes to start drilling for oil in the China Sea by March or April of 1983. That will be the pay-off of four years.

"China is the first socialist country we've done business with. We've got to learn a whole different set of rules."

of negotiations with the Chinese National Offshore Corporation. Robert O. Anderson, chairman of ARCO, signed the agreement at the end of September in the Great Hall of the People. Although no one is willing to specify the exact terms of the agreement it is understood that the exploratory phase is at ARCO's expense and risk.

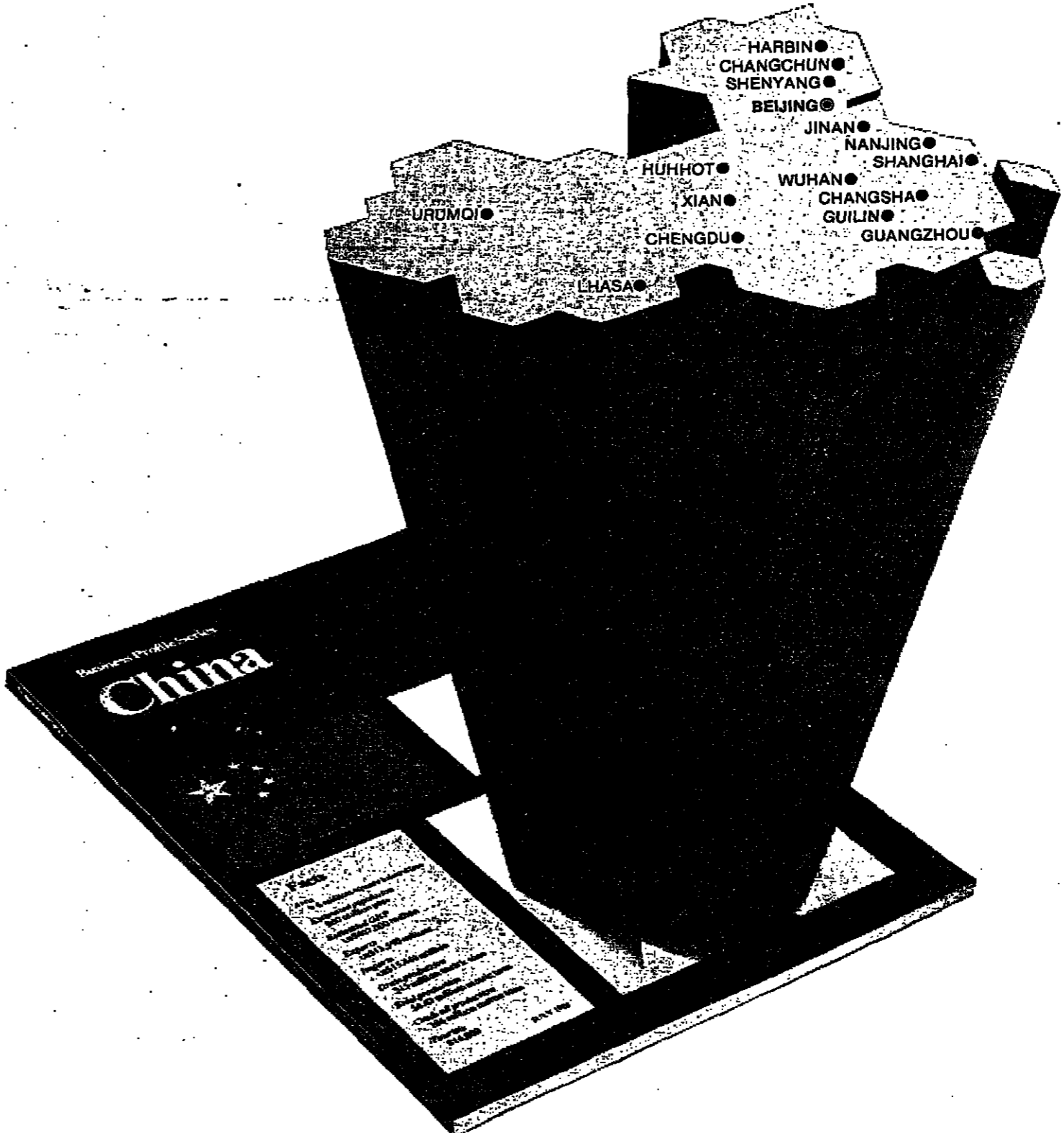
ARCO has an 80 per cent interest in the operation while Santa Fe Industries, the U.S. drilling and construction firm, has a 20 per cent interest.

How profits will be divided between the Chinese and the U.S. companies is unpublished, but it seems that most of the initial profits will go to pay back the oil companies' expenses.

After that profits will be split in an unspecified manner. ARCO's contract is for up to 35 years and then it is expected that the Chinese will take over the operation.

According to Mr R. E. Parr, an ARCO spokesman, ARCO is very optimistic about the area and believes the prospect of finding substantial reserves of oil is "promising." Estimates of how much oil actually lies beneath the China Sea range from a Chinese government estimate of between 10 and 20bn tonnes to Western estimates of 400 bn tonnes of oil.

We bring China into focus.



China's modernisation is re-opening the bridge between Western technology and the needs of an enormous market. Getting business in the new market is not easy. It calls for the guidance of an organisation where speed of decision and modern technology are backed by a century of experience in the China trade — The Hongkong and Shanghai Banking Corporation.

Contact with HongkongBank gives you immediate access to the full range of international banking services from loan syndication, medium-term financing and joint ventures, to detailed trade documentation.

Our Area Office China, based in Hong Kong, can advise you on strategy and tactics for approaching the new market, and our Business Profile on China is just one example of the specialist information we can provide.

Contact us at Area Office China, The Hongkong and Shanghai Banking Corporation, 23rd floor Admiralty Centre, Tower 1, Harcourt Road, Hong Kong or our London Office at 99 Bishopsgate London EC2P 2LA; or through any of our 900 offices in more than 53 countries.

HongkongBank

The Hongkong and Shanghai Banking Corporation

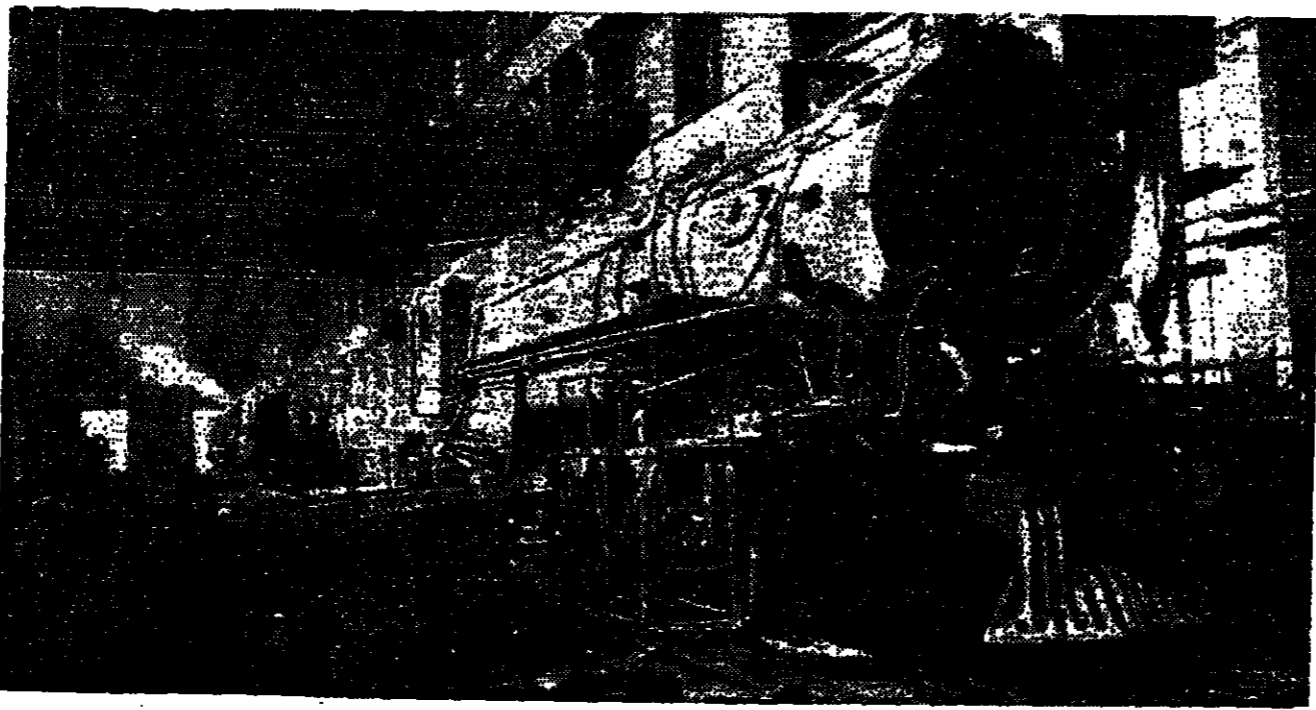
Marine Midland Bank - Hongkong Bank of Canada - The British Bank of the Middle East - Hang Seng Bank Limited - Wardley Limited - Antony Gibbs & Sons Limited - Mercantile Bank Limited

CONSOLIDATED ASSETS AT 31 DECEMBER 1981 EXCEED US\$53 BILLION.

Age of the (steam) train

DATONG LOCOMOTIVE FACTORY ALAIN CASS

THE STEAM locomotive is alive and well and coming off the production line at well over one a week in Datong where thrives the only factory of its kind in the world.



coal somewhere in China.

"They're made to last," said Mr. Chi, one of the managers proudly. "China is still a developing country. We have plenty of coal, oil, is expensive and our railway network is vast. So the steam engine will be here for some time."

The factory, which covers over 2.25m sq metres, employs 5,200 workers and is virtually self-sustaining. It has its own cinema, theatre, schools, bank, shops and hospital. It is festooned with the usual slogans exhorting the workers to even greater heights.

"We produce everything from the raw material to the finished product here," said Mr. Chi. The factory produces one basic engine—known as the "Much Forward"—in two versions: one generating 3,500 hp and a smaller one with 2,200 hp. They are produced for the

home market although last year Japan purchased a single engine. "We've no idea why they'll use it for," said Mr. Chi. The price: about \$100,000 per engine—not very much more than the most expensive Rolls-Royce. Which seems entirely appropriate.

Massive reserves will sustain economic growth and may earn vital foreign exchange

A fuel with a bright future

COAL ALAIN CASS

CHINA'S COAL industry is on the verge of a massive expansion aimed at arresting sliding production, improving the performance of uneconomic pits and opening new ones.

In addition major new infrastructural improvements are planned to overcome the central weakness of the system, namely that most of the country's reserves are located a long way from industrial centres and poorly serviced by inadequate and inefficient transport facilities.

The hope is that, when these improvements take place, not only will coal production be maximised to sustain economic growth within China but reserves may also be freed for export to earn vital foreign exchange.

In the next few years China plans to develop new mines all over the country stretching from the remote north-east through Szechwan and Inner Mongolia to the tropical south-west of the country. This will provide major opportunities for foreign contractors.

China plans to double its production of coal from the present 600m-odd tonnes to over 1.2bn tonnes by the end of the century.

China's estimated proven reserves stand at 658.4bn tonnes or 14 per cent of the world's total. Unofficial estimates put unproven recoverable reserves as high as 4,000bn tonnes.

Coal production has been declining for the past two years. It fell from 655m tonnes in 1979 to 617m tonnes last year. Unrealistic demands in the past

for rapid production have led to over-utilisation of existing mines, disregard for safety standards and insufficient emphasis on new exploration, according to a report recently issued by the Energy Committee of the American Chamber of Commerce in Hong Kong which has closely monitored China's energy scene.

The report also points out that mining equipment production declined sharply in 1980 and again in 1981 although the first quarter of this year showed production holding steady.

Although the importance of coal in the energy balance sheet, according to the report, has slipped from 80 per cent in the 1950s to around 70 per cent in the past few years, this proportion is likely to be held steady as expansion plans go into effect.

Major expansion

China seems to have settled last year's intense debate on whether it should go for coal or nuclear development in favour of major expansion of the former and limited development of the latter. The idea seems to be that a co-ordinated development of nuclear, oil and hydro-power resources should free some coal production for overseas markets in the 1990s.

The biggest of the proposed development schemes is the so-called south west project, a massive \$8bn undertaking for the development of 29 new mines and upgrading of three existing ones in Guizhou province. Preliminary agreement with West Germany, France, Spain and Italy has been concluded.

In addition to the coal mines a power station, 500 miles of rail and port expansion at Zhejiang is foreseen. The Italian Government is providing a grant of \$35m, low



Coal is to China what oil has been to the industrialised West: a lifeblood without which modernisation would be impossible. However, much of the equipment in the industry is out of date. In particular transport facilities need to be drastically improved, as this picture of a mine in Datong, Shansi Province demonstrates. The Government's present plans go some way towards doing this

interest credit of \$6m and export credit of \$500m. This followed the signing of a \$280m agreement with Occidental Petroleum of the U.S. to develop large coal deposits at the Pinghuo open-cast mine in Shanxi province where some 25

per cent of China's estimated coal reserves are located. The mine is thought to have up to 1.4bn tonnes of reserves.

Other developments include four new open-cast mines in the north east. Three, at Huolihe, Yilihe and Zhunge are to be developed in two stages to a total new annual capacity of 80m tonnes and fourth, Yuanbaoshan, in one stage to 8m tonnes. Two of these projects will include railways and power stations. Three will produce coal for power plants in north east China while the fourth will be mainly aimed at the export market.

Foreign technology

A major question mark still hangs over just how China proposes to pay for all this needed development.

Mr. Kong Kun, President of China's National Coal Development Corporation, says that payment for foreign technology will not necessarily be made only in coal. China, he says, would be willing to pay cash in some cases.

In the main, however, Chinese resistance to building up its foreign debt, reinforced by the Polish experience, is likely to mean that financing arrangements will revolve around joint equity ventures and compensation trade.

In the long run China may pose a direct threat to Australia's dominance of the Japanese steaming coal market. Japan imported 12m tonnes of steaming coal last year, 5m tonnes of which came from Australia.

Japan's needs for steaming coal are expected to rise to 28m tonnes by 1985 and China would hope to capture a sizeable chunk of that market as relations between the two countries improve.

Environmental considerations delay project

Confident scientists aim for home grown reactor

NUCLEAR ENERGY TONY WALKER

AT THE Institute of Nuclear Research, a nondescript collection of buildings set in rice fields on the outskirts of Shanghai, a small model of a nuclear reactor has been built. The model sits in a high-ceilinged room in the care of white-coated Chinese scientists who are obviously proud of their creation.

Outside the test centre, bushes have been clipped so that they resemble Chinese characters. They read: "Self reliance and hard work." The words are appropriate because the Shanghai Institute of Nuclear Research, under China's Academy of Sciences, has been selected to perform the design work on China's first operating nuclear reactor, a 300 megawatt model to be built on the coast about 50 km from Shanghai.

The Chinese intend that as far as possible the experimental pressurised water reactor will be home grown, a demonstration that China is capable of developing its own nuclear power industry.

"We can solve all the problems on the technology side of the nuclear process," says Director Chen of the reactor division. "But at the same time we will consider some profitable help from overseas. Maybe some of our technology is as good as that which is available from outside."

Discussions

Chen mentioned pipes to carry steam to the turbines and sections of the cooling system as possible areas in which the Chinese will need foreign assistance. As for the turbine itself, he said discussions were continuing about whether it would be better for the Chinese to build it themselves or to import.

Companies which have reportedly had discussions with the Chinese about supply components for the prototype project include Hitachi, Westinghouse, General Electric, Borg Warner and Kraftwerke Union of West Germany. The American Companies would presumably be precluded from supplying components unless Peking and Washington can reach a nuclear agreement to get round U.S. safeguards legislation.

Under present circumstances U.S. companies are not allowed to supply nuclear components to non-signatories of the Nuclear Non-Proliferation Treaty. China is not subject to inspections by the International Atomic Energy Agency.

China has made a firm decision to go ahead with the Shanghai prototype and has selected a site for the installation but contrary to reports in the Chinese Press which said work at the site had actually begun, the project according to Chen has not progressed beyond the design stage.

It is expected that work will start by 1985 and the prototype completed around 1990. Chen acknowledges that environmental considerations were delaying a start on the project. "We should take some time to examine problems of pollution," he said, "not only from the point of view of our generation,

but other generations as well."

Chen's remarks indicate that the Chinese are moving very cautiously towards the development of nuclear power industry, and that there may be a degree of opposition to the construction of reactors.

Nevertheless, the nuclear lobby in China appears powerful enough to get its way in the end. The Chinese are proud of their achievements in the atomic field and regard these achievements which began with a successful A-bomb test in the early 1960s as an important demonstration of their qualities of self-reliance.

Despite the weight of the nuclear lobby, which includes staff in research establishments, in the central ministry of nuclear power and in the

military, progress will be very slow indeed. It is difficult to see China making much use of nuclear power before the end of the century, despite the country's chronic energy shortages.

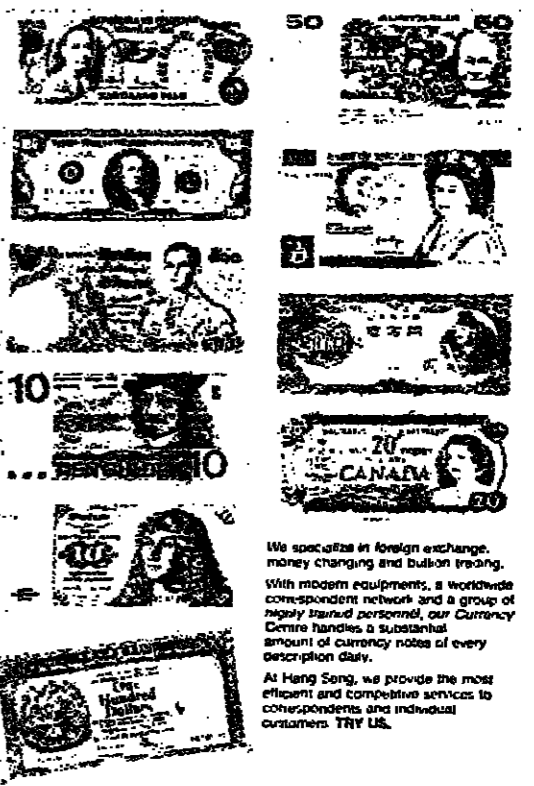
At time of writing, it appears that a proposal to build two 900 MW reactors in Guangdong Province, south China is moving forward, but the deal is still far from being concluded.

China's state council has agreed in principle to the project and a site has been selected. However, many bridges have to be crossed before companies bidding to supply components for the project can be at all confident that it will come off.

China's economic planners will not agree to the project, they have made clear, until they are satisfied it can recoup from foreign exchange costs through the supply of electricity to Hong Kong under a proposed joint venture agreement between the Hong Kong Power Utility, China Light and Power and Guangdong Province.

WE ARE LEADING

in currency dealings in the Asian Pacific region.



We specialise in foreign exchange, money changing and bill discounting. With modern equipment, a worldwide correspondent network and a group of highly trained personnel, our Currency Centre handles a substantial amount of currency notes of every denomination daily.

HANG SENG BANK LTD. currency centre

77 Des Voeux Road Central, Hong Kong. Tel: 73311, 73323, 75225, 63030

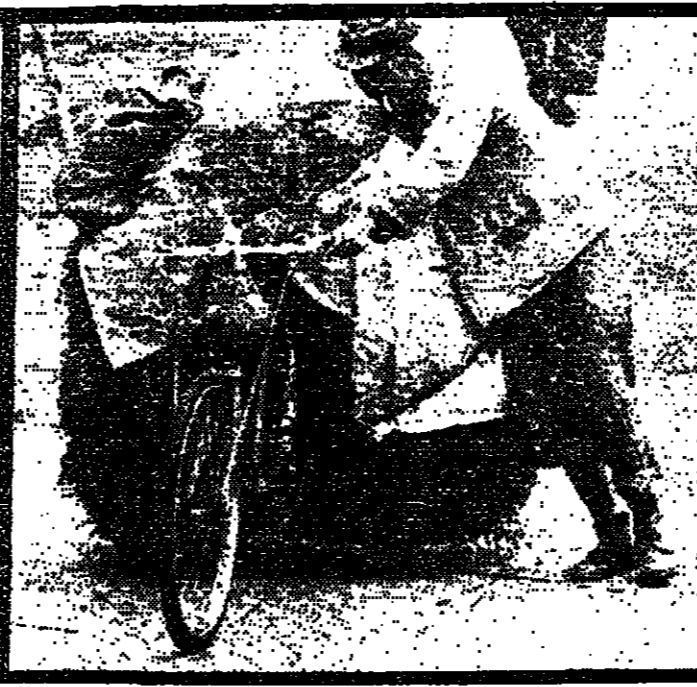
Advertisement for 'BUMPER HARVEST ENAMEL CASSEAROLE'. Features a large image of a casserole dish and text describing the product.

Advertisement for 'DIAMOND BRAND CANDLES'. Includes a logo of a diamond and text describing various candle products.

Advertisement for 'Snowflake Surgical Dressings'. Shows images of various medical dressings and text describing their features like 'White, Soft, Highly Absorbent!'.

Advertisement for 'COMMODITIES' handled by CHINA NATIONAL METALS & MINERALS I/E CORP. SHANGHAI BRANCH. Lists a wide variety of industrial and metal products.

CHINA X



China observed: photographer Hugh Routledge focuses on a cycling nation. The Chinese use their bikes to travel to and from work, for taking the weight, and, sometimes, even for romance

五金

30 years experience of trading with the People's Republic of China.

Experts in the less common and rarer metals, minors and by-products, precious and special metals, ferro alloys and scrap, ores and minerals.

wogen

Wogen Resources Ltd.,
17 Dewing Street,
London W1H 1FE.
Telephone: 01-480 5762.
Telex: 26920.

Wogen Resources Ltd.,
1207-1209 Zhongyuan Road,
Spring Zhanqian Lu,
Xi 200 Mao Wu, Beijing,
People's Republic of China.
Telephone: 850 541 (ext. 523)
Telex: 22374

Watching the door slowly open

NOVEMBER 1979 produced one of the coldest winters on record. Temperatures, when I arrived in the Chinese capital to take up my assignment in mid-November were 15-20 degrees below zero. The freeze, appropriately enough, was caused by cold winds from Siberia in the Soviet far east.

The political climate in Peking had also chilled. Wei Jingsheng, the prominent Chinese dissident, had recently been sentenced to 15 years imprisonment on charges of passing "military secrets" to a foreigner and of conducting "counter-revolutionary propaganda and activity."

The Peking spring of late 1978 and early 1979 when Democracy Wall had flourished as the focus of dissident activity had given way to a winter of disappointment for young Chinese. Political activists were arrested and the wall was closed down.

The system has decided that criticism of prominent figures in the leadership carried in posters stuck on a wall outside a grimy bus depot on Peking's main thoroughfare had gone far enough. The actions of a small group of idealistic Chinese were proving an embarrassment to moderate

China observed: Tony Walker reflects on three years as the FT's Peking correspondent

The story of Chinese plights since 1978 has been that of Deng's ability to get more or less what he wanted. The story of the mid to late 1980s will be whether the house that Deng has built will withstand the political buffeting it will receive once he is out of the way.

The flickering dissident movement of 1978 and 1979 espousing, as it did, a democratic alternative to Communism proved to be an aberration. In China, the practice of politics is for an elite few Communist Party members.

In Peking of the late 1970s the abnormal was normal. Shadow figures from the past who had not been seen for years suddenly reappeared. Those that had been prominent during the cultural revolution disappeared from view.

It was as if a new cast was being assembled for a traditional Peking opera, a form of entertainment that had been banned. Deng himself, exhibiting some of the characteristics of the "Monkey King," a mythological Chinese figure of supernatural powers celebrated in Peking opera, orchestrated the changes.

Deng has consistently performed feats of political daring since the third plenary session of the 11th Chinese Communist Party central committee in late

1978, the year after his rehabilitation. The question for reporters in China over the past three years has been: can it last? So far it has.

The story of Chinese plights since 1978 has been that of Deng's ability to get more or less what he wanted. The story of the mid to late 1980s will be whether the house that Deng has built will withstand the political buffeting it will receive once he is out of the way.

Casualties

Deng began his public assault on opponents on the left in December 1978 at the third plenum. It is a process that continues. Along the way there have been numerous casualties.

In February 1980, Deng engineered the removal from the Politburo members of the "whateversist" faction—those who subscribed to the view that whatever Mr Deng said and did was right. Entwined in this process was the Gang of Four trial which took place late in 1980.

The trial was more than a criminal action against those who had allegedly caused a great deal of suffering during the cultural revolution of 1966-1976. It was, in essence, an attempt by the Dengists to give legal form to their vendetta against those who had been their persecutors. The victors were sitting in judgment on the vanquished as was the case at Nuremberg.

For the reporter this was not an easy event to explain. The Gang of Four trial was, in a sense, as much an exercise in Chinese theatre as it was a judicial event. The four were denounced in court by witnesses who would perhaps have been more appropriately dressed had they worn opera masks, before a nationwide audience as a means of satisfying in part the desire for revenge of the many who had suffered.

It was a peculiarly Chinese exercise which threatened at times to descend into farce. The trial was also a diversion from a power struggle that was taking place in the last months of 1980 which resulted in the ousting of Hua from the chairmanship.

This was a murky period for reporters in China. Hua had gone but arguments continued over who should replace him—Deng himself or one of his protégés or a more neutral figure. In the end Deng won as he has done consistently since 1978.

A question frequently asked of resident reporters is: will the experiment work—does the Communist Party have the stamina and cohesion to carry through the reforms that have been instituted? The answer is... maybe.

There have been significant changes in attitudes on the part of Chinese officials since 1979, and things are now possible that were not possible then. China, in many ways, is a very different place. The impact of regular contact with the outside

world is having its effect. Businessmen claim that things are becoming easier, but Chinese officials are displaying a greater degree of flexibility and that more is possible now. For the long-term resident changes are more difficult to assess.

At the level of personal contact with individual non-official Chinese, things are now more difficult than they were in 1979 at the tail-end of the Democracy Wall movement.

But more tourists are visiting, more business is being done, judging by the trade figures, more Chinese students are being allowed to study overseas and so on. In short more, not less, contact is taking place.

Can the system change, as some have suggested it can, to the point where a Chinese version of "enterprise" socialism has evolved? In short, can the Chinese break away from the Soviet model and allow more individual enterprise.

Experiments

There are undoubtedly those in the leadership who would like to encourage more experimentation, but again the system militates against things moving too far too fast. There are still those at the top unhappy about what they see as some of the negative effects of China's open-door policy, particularly what are described as "corrosive foreign influences" on restless young Chinese.

China's new rulers have, off and on in the past few years, tried to define a new, more contemporary ideology, but there is no sign that the leadership has been able to do much more than re-arrange the standard clichés.

Who listens any more? Recently I visited a central government ministry where members of staff were seated on chairs and benches in the hallways listening to a reading of documents from the recent 12th Party congress. There was a look of complete boredom on the faces of almost all members of staff, young and old.

Many Chinese are sceptical about whether the reforms now being instituted will work and are worried that some day soon the pendulum will swing back again to more doctrinaire policies. Not only is there a lack of confidence in the party, there is lack of confidence in the future.

China's biggest enemy is inertia. Inertia in attitude and inertia in the system itself. China does not have an abundant supply of Monkey Kings to push the country ahead. The present Monkey King is not getting any younger, nor is he infallible.

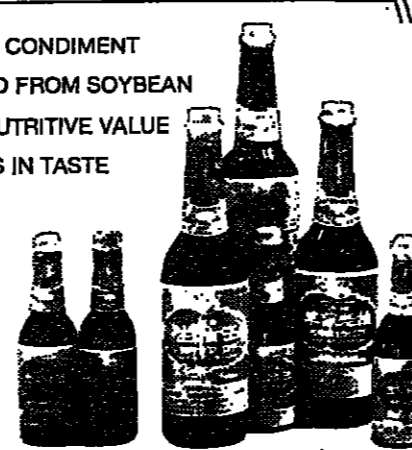
REPRINT FACILITY

The Financial Times has the facility to reprint its own articles that have appeared in the newspaper either in leaflet form or as a booklet. Prices can be quoted and for further information please contact:

Publicity Department
Michael Robinson
Financial Times, Bracken House,
10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000

PEARL RIVER BRIDGE SOY SAUCE

THE BEST CONDIMENT
PREPARED FROM SOYBEAN
RICH IN NUTRITIVE VALUE
DELICIOUS IN TASTE



China National Cereals, Oils & Foodstuffs
Import & Export Corporation
Guangdong Foodstuffs Branch

Address: No. 48 Shi Er Road Guangzhou, China
Cable: "FOODCO" GUANGZHOU. Telex: 4081 K7DCO CN

The thirst for knowledge of the outside world

China observed: Alain Cass reports on an increasingly inquisitive nation

For Chinese who do not have an official reason for doing so being seen talking to a foreigner can spell trouble. The few places where Chinese and foreigners were allowed to mingle after the "spring" of 1978 have been closed down.

The paradox is that, while the policies of liberal economic reform and the import of foreign technology, is being pursued at one level, individual freedom is being curtailed at another. This underlines the leadership's fundamental dilemma in deciding how far to push the country ahead. The present Monkey King is not getting any younger, nor is he infallible.

girlfriend? Four years, he said. Had they ever thought of just living together? "No, that would be impossible. Our families, even our neighbourhood would not let us off, overnight. We would have no job, nothing."

"Here in China we do not have sex before marriage. Not like in the West. For you," he laughed, "having sex is like shaking hands."

He wanted to write to me in London and asked whether I would send him some books. "Not on computers, but literature, preferably modern. Novels that kind of thing."

What was his ambition? "To have a job of my choosing. We still have much unemployment and the party officials decide what job you get. Only if you know someone, if your father is highly placed and he can get you through the back door can you pick and choose."

The "back door"—guanxi—is how most things are done in China, he said. It is who you know and whether he owes you any favours.

And the party, the government? "Oh, that's just talk. How can you believe anything they say? One year it's this, another it's that. Worst of all they kill initiative. You're not supposed to think for yourself."

"But surely Deng is trying to change all that?"

"Maybe," said the student. "We'll see."

The same scepticism about how things would turn out on the political front was displayed by a scientist I met in one of Peking's parks.

His greatest ambition was to get abroad because he felt he had reached his ceiling at his present institute. "We must have more contact with foreign ideas. We will never make any real progress unless we do that. But I fear things will get tighter. Already it is getting more difficult to go abroad because of one or two recent defections."

As we spoke passers-by gazed curiously.

ADVERTISEMENTS FROM CHINA

A number of advertisements from the People's Republic of China have been placed within the pages of this survey. Should you require further information from these companies, please indicate in the boxes provided below. Your requests will then be forwarded to the individual organisations concerned.

To: Simon Timmis, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

<input type="checkbox"/> Liaoning Animal By-Products	<input type="checkbox"/> Tianjin Advtg. Corp.
<input type="checkbox"/> Jiangsu Machinery and Equipment	<input type="checkbox"/> Beijing Light Industrial
<input type="checkbox"/> China National Chemicals	<input type="checkbox"/> Guangdong Import/Export Corps.
<input type="checkbox"/> Hunan Light Industrial Products	<input type="checkbox"/> Shanghai Import/Export Corps.

Name: Position:

Company:

Address:

THE CHINA CONNECTION

Top-level connections—Weekly sales visits throughout China—Exposure at most specialised exhibitions—Seek high-technology product representations.

Write in first instance to:—
Claudio Cassuto
251A, Old Brompton Road, London SW5 9HP
Tel: 01-370 3176 Telex: 919660



JIANGSU BRANCH OF CHINA NATIONAL MACHINERY AND EQUIPMENT IMPORT & EXPORT CORPORATION
50 Zhonghua Road, Nanjing, China
Cable Address: "EQUIMPEX" Nanjing
Telex: 34112 MAIEN CN

LITHO